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Of the two authors Dr Lawrence Witt is Professor of Agri cultural Economics at the Michigan State College, USA, and Dr Mordecai Ezekiel, Deputy Director of the Economics Division of FAO served many years with the United States Department of Agriculture and is the author of many publications on economics agriculture and statistics.

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THE STATE OF FOOD AND AGRICULTURE 1953

PART I - REVIEW AND OUTLOOK

D AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
ME, ITALY AUGUST 1953

NOTE

The statistical material in this publication has been prepared from such information as has been available to FAO not later than 30 July 1953

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ı submitting the annual review of the world | and agricultural situation for 1952/53 I e adopted the procedure of dividing the report two parts The first part presented in this ument deals with the progress and problems griculture fisheries and forestry in the past r and with the immediate outlook for the year d The second part will be a review of govern its longer term plans and programs of agricul al production, and an attempt to evaluate their bable effect on world agricultural production l trade and on levels of food consumption ing the next four or five years This second t will be completed after the conclusion of regional meetings which FAO is holding in summer of 1953 in time for presentation to Conference in November

Since the war the differences in agricultural duction between the more developed and less reloped regions of the world have tended to rease Production has expanded rapidly in the ricultrally more advanced countries North nerican production in particular has outstrip- d the growth of population food consumption rels have improved, agricultural exports have ubled, and even so large stocks of some commod es have recently begun to accumulate in me cases to a disquieting extent

In the less developed regions a good deal of ogress has been made but productivity per man d per hectare remains low Food production s not kept pace with their increasing needs, and ey have been forced to curtail their exports d to import more food from abroad. Their od con umption levels remain inadequate and the Far Ea t are even lower than before the ar Yet their earnings of foreign exchange do not ermit them to import more than a limited quan ty of food, in spite of the larger supplies now vailable In the long run these problems of he under-developed countries can be solved only y rai ing their own food production and, to the xtent that markets are available their production f export crops with which to pay for imports of more food and more capital goods for develop- ment

In this contrast between the different regions of the world are to be found the two basic prob- lems of agriculture first how to achieve stable *outlets for the growing agricultural production* and in particular to find ways of distributing more of the increasing supplies of food in some areas to the under-nourished populations who have such great need of them second, how most effectively to raise agricultural productivity in the less devel oped countries in order to provide more adequate supplies of food to their people and a reasonable standard of life for their farmers

In some respects the year 1952/53 marks a new phase in the postwar food and agricultural situa tion. For the first time since 1930 though as yet insecurely world production, on a global basis caught up with the growth in world population Moreover the large stocks of wheat and other basic foods which have been built up in some regions should enable any future scarcities or potential famines which may develop in particular areas to be countered with much less difficulty than before

At the same time the recent accumulation of stocks of foodstuffs in the dollar area and of raw material in some other countries, together with the downward trend of farm *prices inevitably* give rise to fears of burdensome surpluses If these fears retard future expansion, the results could be serious The world s population will not stay still, but for some time to come is likely to grow at an accelerating pace as better medical services and in some cases, better nutrition, continue to lengthen the life span in the less developed coun tries

The unstable markets of the last few years for agricultural products, particularly raw materials have brought few benefits and many disadvanta ges to producers and consumers alike In some exporting countries equalization schemes have been adopted to iron out price fluctuations But recent experience underlines also *the value of* moving towards International agreements, neces

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sarily flexible and with adequate safeguards designed to stabilize production and prices at a level satisfactory to both producing and consuming countries FAO will continue to give all the support it can to efforts by governments in this direction.

The more rapid growth of food requirements than of production in the less developed regions has reduced their net food exports to about one-third of the prewar level, and even so the excess of demand over supply has led to an inflationary rise in food prices in some countries Moreover the changes in their traditional pattern of trade have sometimes caused serious balance-of payments difficulties, and by reducing the funds available for importing capital goods and equipment have tended to retard general economic development.

There is of course, no suggestion that the food supplies of the deficit countries should not be increased by an expansion of international trade Tropical countries may well find it profitable to rely largely on imports for supplies of grain or livestock products in exchange for the commodities e g., rubber oilseeds sugar coffee or tropical fruits, which they can produce more economically Countries with mineral resources will wish to devote some of the proceeds from their mineral exports to the import of food. These are normal and healthy development

But two facts stand out One is that until the productivity of agriculture per man and per hectare in the under-developed countries can be raised substantially there is no possible way of alleviating the grinding poverty of their rural populations

The second is the sheer magnitude of the food problem which even today is perhaps not fully realized If allowance is made for quality as well as calorie content, the average per caput diets of North America, Oceania and Western Europe are something like two or three times those of most under-developed regions, whether measured in money values, original calories " or the agricultural resources needed to produce them. Nearly 70 percent of the world's population live in the less developed regions To raise their average diet to the present average for the world as a whole (only about half the present North American level and by no means a high standard nutritionally) would require an additional supply of food equal to the total 1952/53 production of North America and Oceania combined. More than 90 percent of the additional supply would be needed in the Far East where, as FAO has always stressed, the hard core of the world's food problem lies.

The point is made solely to bring home how great is the challenge which the problem of food and adequate nutrition throws to the world. Compared with the real human needs of the deficit countries as distinct from what they can afford to buy the food stocks now accumulating shrink into insignificance It is clear that whatever food supplies are shipped to these countries in the foreseeable future whether in the normal way of commerce, or as gifts or loans to mitigate food shortages like those sent to Yugoslavia and Pakistan in 1952/53 they can do no more than alleviate their real needs A basic improvement in their food supply must come primarily from a steady improvement in their own production. To help forward this improvement is the main task of FAO

Chapter I

SUMMARY

Chapter I SUMMARY

Review of 1952/53

Since world production increasing over 2 per cent annually has slightly exceeded the growth of population, both agricultural production and food production per caput in 1952/53 regained the prewar level. This improvement is due partly to generally good harvests last year 1953/54 prospects are also favorable but one or two years of bad weather could seriously alter the improved world food position.

The expansion of agricultural production has been most uneven. In North America it has greatly surpassed the growth of population. In the Far East at the other extreme total production has barely regained its prewar level and is still 15 to 20 percent below the insufficient prewar per caput level. The Far East with nearly half the world s population thus remains the crux of the world food problem

Food consumption levels registered few major changes in 1952/53 The gradual improvement of diets continued in North America Western Europe the Near East Africa and also in Latin America, where however some local food shortages occurred. Danubian drought led to food shortages in Eastern Europe and Yugoslavia In the Far East food consumption levels showed no great change since other grain imports were reduced as rice harvests improved. In Pakistan drought caused a serious food shortage and greatly increased import requirements.

World trade by volume in agricultural products dropped 5 percent in 1952/53 to slightly below the prewar level, reflecting improved harvests in importing countries some running down of importers stocks and import restrictions because of currency difficulties.

The pattern of world food trade has changed markedly since the war With demands for higher standards of living spreading industrialization and growing population requirements of the less developed countries are growing These countries are consuming more of their own food production, importing more food from abroad and exporting less food ,Their reduced food exports (largely to Europe) have been replaced mainly by larger exports from North America. While this has tended to increase dollar shortages this effect has been partially offset by increased North American imports of coffee rubber and wool at prices relatively high compared to other farm products

Industrial activity in 1952/53 was at a record height in North America but showed only a slight gain in Western Europe. In the under developed regions there were also some gains in industrial production and in some cases inflationary pressures continued to be strong The demand for foodstuffs and some raw materials therefore continued at high levels in most countries.

Farm prices fell during 1952/53 reflecting both improved supplies and the end of the Korean boom. Foodstuff prices fell sharply in North America and raw materials more markedly in many markets. In wheat jute cotton, rubber and sugar production has considerably exceeded effective demand at prevailing prices and stocks accumulated. The downward trend of farm and commodity prices is so far only reflected to a limited extent in general wholesale prices and only slightly in living costs

Price supports helped check the declining tendencies especially in the United States. The United States Commodity Credit Corporation now holds greatly increased stocks of wheat cotton, cottonseed oil dairy products wool and tobacco In other countries substantial stocks of sugar jute cotton and rubber have accumulated With exports of Near East wheat again moving more freely the large stocks of foodstuffs are mainly in the dollar area

Except for some decline in North America net farm incomes in the more developed countries showed little change in 1952/53 larger output offsetting lower prices Little is known for other regions. In the under-developed regions agricul

tural expansion continues to be hindered by a general scarcity of capital and by a tendency to concentrate the inadequate resources on industrial development There have been some recent tendencies however for governments especially in Latin America and the Far East to give more attention to investment in agriculture. With unpromising prospects for a greatly increased flow of foreign capital to under-developed countries capital for agricultural expansion must come largely from domestic resources

Outlook for Future Development

Industrial activity in most countries is expected to remain generally high through 1953 with continued active demand for many agricultural products. The accumulation of large stocks of some crops and raw materials is however causing concern in some countries. Although non-dollar countries, principally in Western Europe still contribute the largest part of world trade the world economic situation varies markedly with that in the United States. The main problem for 1954 is whether if defense expenditures were materially reduced, other activities would expand enough to maintain industrial activity and provide markets for the expanding volume of primary commodities, especially food and agricultural raw materials. The future trend will be influenced largely by economic policies and developments in the United States and the course of world political events. In view of these uncertainties no attempt is made here to forecast the likely economic trend in 1954/55

REGIONAL SUMMARY

Europe

Agricultural production in North Western Europe rose 2 percent in 1952/53 continuing its upward trend and keeping pace with population growth. In Mediterranean Europe agricultural production declined slightly below the previous year and crop yields per hectare continued below prewar Eastern Europe s recovery in agriculture continues slowly with per caput production considerably below prewar

Food imports particularly of grains into North Western and Mediterranean Europe were somewhat lower due to better domestic food supplies and to sharp import restrictions. Even so total dollar imports of farm products were maintained because of rising activity in textile industries

Due to reduced demand and marketing difficulties fish landings fell in 1952 in most principal European fishing countries except in the United Kingdom which had a 4 percent increase. Forest industries especially in the northern exporting countries were adversely affected by reduced demand in 1952 and prospects for improvement in 1953 are uncertain.

Little change is expected in the volume or pattern of agricultural and industrial production in 1953/54 due to stable demand. Farm prices will probably continue relatively stable although the downward trend of meat prices may continue with the increasing supplies and lower prices of imported feeds.

North America

The domestic demand during 1952/53 for the record output of farm products continued to be strong but greatly increased supplies and declines in export outlets resulted in a sharp downward movement in farm prices Farm costs dropped less and net farm incomes fell below the record height of 1951/52. In the United States as a result of the price support program the Commodity Credit Corporation accumulated large stocks.

For forestry products the increase in United States domestic demand did not entirely offset reduced exports from the region. Fish landings dropped slighty below those of 1951/52

In the United States early estimates for 1953/54 indicate the third largest crop on record Early Canadian crop prospects are also good. With a larger carryover of wheat corn tobacco and cotton and likely heavy marketings of livestock total agricultural supplies in 1953/54 will be considerably above those in 1952/53

The large stocks in the United States cast a shadow of uncertainty over future prices and production. Wheat acreage in the United States is to be reduced in 1954 and marketing quotas will be introduced.

Demand for agricultural products in 1953/54 is not expected to change appreciably from 1952/53 and the reduced export demand of early 1953 will probably continue except for special export disposal programs. Demand for imported farm products may however be affected by any slackening of industrial activity resulting from armament reductions.

Latin America

Agricultural output in 1952/53 increased by about 9 percent over the previous year (3 per cent excluding Argentina) In 1952 because of reduced Argentine export availabilities falling world demand and overpricing of some Brazilian commodities on falling world markets there had been a drop in agricultural foreign trade but in early 1953 there were signs of an improvement with greater quantities available for export and more settled foreign market conditions

Internal prices were generally steadier than in 1951/52 and in a few countries the cost of living declined

Except for cotton production prospects for 1953/54 are good, especially for foodstuffs. Internal demand for food and other farm products will probably remain high as industry also is likely to continue expanding

Fishery and forestry production increased but foreign trade decreased with declining imports and exports, reflecting slackening foreign demand.

Africa

Agricultural production increased moderately in 1952/53 but gross per caput food supplies were not appreciably different from those in 1951/52 because of larger food exports. Higher agricultural production seems likely in 1953/54 despite unfavorable weather conditions in certain territories. The implementation of long range agricultural development programs in most of the territories has been less rapid than anticipated although previous shortages of personnel and equipment are being overcome and public investment expenditures are increasing

Near East

For the first time since the end of the war in 1952/53 per caput agricultural production appreciably exceeded the prewar average This expansion however tended to be concentrated in the food surplus countries The volume of exports increased particularly of grains and the region was returning to its prewar position as a net grain exporter A further expansion in food is indicated for 1953/54 despite droughts in Israel and Jordan. Economic development programs are being actively implemented mainly in the oil producing areas, but in other countries inadequacy of investment funds may slow down appreciably future economic growth

Far East

A record rice crop a reduced wheat crop and a continuing decline in the value of raw materials exports highlights the agricultural situation in the Far East in 1952/53 Demand for cereal imports from outside the region is still high because of a wheat crop failure in Pakistan but supplies of rice within the region appear equal to effective demand Production of other foodcrops, except pulses continues the postwar rise Most export crops show a slight decline although they are still far above prewar levels Food crop production per caput is 15 to 20 percent below the very low prewar standard. Both forestry and fisheries industries in the region's principal producer Japan, expanded between 1951 and 1952

Terms of trade declined between 1951 and 1952 making it increasingly difficult to pay for essential imports of food and development equipment The prices of raw materials and other exports are levelling off however after their sharp declines from the Korean war peak. Both farm and retail prices of cereals produced for domestic consumption have remained stable in most countries. The prices of government traded rice continue their gradual rise but free market prices steadied.

In line with stated national objectives and in response to various development projects, it appears likely that food production will continue to increase in 1953/54 but per caput levels will remain far below prewar

Oceania

Agricultural output was about 10 percent higher in 1952/53 than in 1951/52 mainly due to substantial increases in Australian production. The biggest regional advances were in wheat meat and milk, and wool also increased over the relatively high levels of the previous year These increases released a greater volume for export at prices above those of 1951/52 thus contributing to the reappearance of surpluses on current account in overseas trade

Present indications are that the physical conditions are satisfactory for a further increase in agricultural output in 1953/54 However since the region is dependent on agricultural exports anxiety is felt about cost/price relationships particularly in Australia in view of possible future changes in overseas demand

SUMMARY BY COMMODITIES

Wheat

World wheat production was at very high levels in 1952/53 crops being particularly large in the major exporting countries. As larger crops were harvested also in most of Western Europe and in India import requirements were lower Exports of wheat and wheat flour accordingly fell, the decrease being particularly marked for the United States Stocks of wheat in exporting countries rose and the carryover on July 1 1953 reached an all time high. Prices were mainly steady but fell sharply in some markets at the end of the crop year Supplies will be ample in 1953/54 but production in 1954/55 will be affected by production restriction in the United States. The International Wheat Agreement was renewed at a somewhat higher price range

Coarse Grains

World production in 1952/53 was slightly higher than in 1951/52 a welcome feature being the recovery in the Argentine crops Total exports showed little change Price movements were irregular but with a general downward tendency which was particularly marked for United States maize and Iraq barley The outlook for supplies in 1953/54 is promising

Rice

A notable increase in world rice production, after a period of stagnation occurred in 1952/53 but international rice trade is not expanding since much of the increase occurred in the rice deficit countries. Though the upward trend in the price of free market rice in international trade has stopped, the prices of some rice sold under government to government contracts have risen further toward free prices The replacement of considerable amounts of rice by other grains in many Asian countries appears to have become permanent although the extent of such replacement will continue to depend on the price relationship of rice to other grains At recent price levels exportable supplies appear to be more than adequate to meet anticipated import requirements

Sugar

World production of centrifugal sugar in 1952/53 declined about 7 percent below the previous year's record, owing to crop restrictions in Cuba and unfavorable weather for European beets and international trade did not reach the high level of the previous year Due to Cuba's marketing control of carryover stocks sugar prices receded only gradually to pre-Korean levels. The lower prices made possible the removal of practically all consumption controls. In preparation for derationing the United Kingdom made a large purchase of dollar sugar from Cuba checking the fall in prices.

Exports are likely to increase in 1953 especially from non-dollar sources. Only a gradual expansion of production trade and consumption is to be expected for the next few years. A reduction of Cuban stocks by the end of the current sugar year is anticipated. However this reduction may not be sufficient to allow the sugar market to find and maintain its equilibrium

Livestock Production

Meat production in 1952 exceeded the previous year's level in all major producing regions except South America. Milk production remained virtually unchanged in 1952 but increased substantially during the first half of 1953 In consequence of the expansion of meat production prices of meat animals started to decline during 1952 in many parts of the Northern Hemisphere and continued downward in the first half of 1953 except for swine prices in North America With demand remaining high or even increasing, the decline in meat prices was the consequence of steadily growing supplies Prices of milk products had been firm, except in North America at the close of 1952 and for some dairy products in Western Europe in the spring of 1953

The decline in world meat trade was reversed in 1952 with a slight increase in export volume Trade in butter by contrast with 1952 increased during 1953

Further expansion in meat as well as milk production may occur in 1953/54 but meat production may grow at a slower rate than in the previous year and with a reduced proportion of pigmeat The position of butter in relation to margarine will not change to any great extent. With increasing production the price level of livestock products in 1953/54 will probably be lower than in recent years. International trade in meat is likely to expand, but exporting countries may have difficulties in disposing of their growing exportable surpluses of cheese and preserved milk.

Fisheries

The world catch of fish crustaceans and mollusks in 1952 remained at about the 1951 level. Slight drops in the output of many of the larger producers were counterbalanced by increases elsewhere especially in Japan. In under-developed countries new techniques are beginning to increase output. With increasing supplies of meat the demand for fish for human food eased and prices were inclined to fluctuate around the 1951 levels. Costs tended to rise and some idle fishing capacity manifested itself in industrialized countries.

The production of frozen fish and salted cod increased. Salted herring output levelled off and, except for tuna canned output from most species dropped

Aquatic animal oils and fats production was maintained at the 1951 level while that of meals continued the postwar trend of increased production.

Fats, Oils and Oilseeds

World production of fats and oils in 1952 rose moderately but international trade declined about 10 percent. This decline was due mainly to a widespread tendency in importing countries to reduce stocks. Production plus net imports into Western Europe the world's greatest importing area for fats and oils declined about 5 percent apparently reflecting a reduction in stocks rather than in actual consumption The general level of prices of fats and oils in international markets which had declined about 45 percent from spring 1951 to spring 1952 rose about 20 percent during the following 12 months. There was a considerable divergence among items however ranging from a rise of 50 percent in the price of coconut oil to a decline of 25 percent in linseed oil.

Despite a slight reduction in world production of fats and oils in 1953 exportable supplies are about as large as last year because of increases in stocks held in exporting countries.

Fresh Fruit

There has been in recent years a considerable expansion of trade in citrus fruit and some increase for bananas. While the United Kingdom imports of citrus fruit were reduced in 1952 imports into France and Western Germany reached a record high level. Apple exports in 1952 were 15 percent below 1951 as some importing countries in Europe had a very high domestic output and the United Kingdom reduced its imports for balance of payments reasons

As a whole Europe the largest importer of fresh fruit other than bananas is becoming more self-sufficient and total fresh fruit supplies in this region substantially exceed the prewar level except in the United Kingdom

The very rapid expansion of orange production in the Mediterranean region and in the United States and the still expanding production of deciduous fruit in Europe is causing some concern about future marketing in particular as new plantings of citrus fruit continue on a large scale

Wine and Raisins

Total wine production after reaching the prewar level in the previous year showed a decline in 1952 of some 5 percent. The decrease was largely in Europe and Algeria. Production in other regions excepting the United States expanded Consumption in such principal producing countries as France and Italy has been decreasing since prewar

Production of dried vine fruit increased in 1951 and 1952 and exports in 1952 expanded substantially above the low level of 1951 The United States more than doubled exports under the subsidy program and Greece and Turkey also increased exports in 1952

Coffee

Despite a further rise in world coffee production in 1952 total output was still 2 percent below prewar The principal increase was in the Western Hemisphere Sustained demand throughout the year resulted in a continuation of stable prices at the high level reached in 1951 The 3 percent expansion in world imports went largely to Europe while the United States imports remained slightly below the 1951 volume

In 1953/54 production is likely to exceed for the first time the prewar figure unless frost in Brazil substantially reduces supplies. With a continued favorable outlook on the demand side no major price changes are envisaged and over the long term an increase of supplies can be anticipated.

Tea

Although 1952 imports into the United Kingdom and the United States were higher than in 1951 world trade declined by about 4 percent mainly

in low quality teas By the end of 1952 adverse weather in some producing countries and voluntary crop restrictions in India had reduced total production by about 2 percent as compared with the previous year and prices recovered markedly With the continuation of finer plucking methods in 1953 no appreciable rise in supplies is to be expected and prices are likely to remain comparatively firm

Cocoa

Favorable weather conditions in practically all producing countries except Brazil resulted in a 10 percent increase in world production in 1952/53 World trade in 1952 declined by about 7 percent due mainly to lower supplies from the 1951/52 crop and reduced imports into the United States and continental Europe Prices settled on an average at about the high 1951 level after a temporary rise at the beginning of 1952 when supplies appeared scarce

Since no major increase in supplies is to be anticipated for 1953/54 prices are not likely to undergo substantial changes. The long term rising trend in consumption appears to have been checked temporarily by high prices.

Tobacco

The tobacco crop in 1952 was slightly lower than the previous year due to declines in North America and Greece The cut in United Kingdom dollar allocations for tobacco imports caused considerable contraction in trade. A larger percentage of United Kingdom and German imports came from Commonwealth countries, Greece and Turkey During the 1952/53 season stocks in the United States increased, whereas stocks in importing countries mainly the United Kingdom, were much reduced. Tobacco prices in 1952 were slightly lower in the United States and in Canada but oriental leaf maintained its price and Southern Rhodesian prices rose.

The United States reduced plantings in 1953 as a result of the large carryover Available supplies for export from all principal exporting countries may however be as large as in 1952 with the exception of cigar leaf from Brazil. If as is anticipated, the United Kingdom increases its dollar allocations for 1953/54 the quantities moving into world trade will exceed those of the previous season. Cigar production increased in several countries in 1952 in spite of the declining long term trends and the increase in production of cigarettes is expected to continue in 1953/54

Cotton

In each of the past two seasons the world cotton crop exceeded consumption by more than three million bales and for the second time in the post-war period stocks rose to a relatively high level. Prices are being largely upheld by price support operations in the United States the premia on non-dollar cottons having virtually disappeared. Production outside the United States has in recent years increased significantly but some governments have introduced acreage restrictions. These combined with the fall in cotton prices, both absolute and relative to other crop prices are reflected in reduced estimates of acreage for the 1953/54 crop. The United States crop is also expected to be reduced on the recommendations of the government. New supplies of cotton next season are therefore likely to be more in line with the current level of consumption of around 32 million bales. The long term decline in world trade in cotton, due to the development of textile industries in cotton producing countries as well as competition from rayon, continues, but there may be some improvement in 1953/54 above the low volume in 1952/53

Wool

An exceptionally heavy clip in Australia was responsible for a record clean weight of world wool production in the 1952/53 season. In spite of heavier offerings from current production and the clearance of previous stocks in South America the market remained very firm The strength of the wool market resulted from the recovery in mill consumption after mid 1952 when wool textile stocks in manufacturing and distribution channels had been worked down to manageable proportions. At the same time there was a swing back to a higher proportion of virgin wool in wool textile manufacture Consequently wool consumption increased generally during the season, with the exception of the United States woollen and worsted industry where military orders were reduced. World consumption is currently roughly in balance with production and on a higher level than in the last two years.

Jute

With production in Pakistan and India in 1952/53 at the highest level since 1940 jute supplies were again adequate although not of the best quality There was no increase however in Pakistani exports since the recovery in overseas purchases was offset by reduced Indian takings The newly established local industry only absorbed a small fraction of the crop and further stocks were added to the previous carryover

Indian mill consumption was at the somewhat improved rate of the previous season but sales lagged behind output and stocks particularly of sacking accumulated There appears to have been some slackening in activity in continental mills, but the British industry worked at full capacity in the latter half on 1952/53 A notable development has been the recovery in United States hessian consumption in 1952 reflecting the lower prices

In view of the incomplete disposal of the last two crops, Pakistan decided on a drastic reduction in acreage for 1953/54 and the crop may only be half as large as in 1952/53 Lower prices also have discouraged production in India Total supplies may however be sufficient to meet mill requirements. Prospects for more active buying by jute goods users are meanwhile improving Prospects of a decidedly smaller crop in 1953/54 gave a moderate boost to prices towards the end of the 1952/53 season.

Rubber

Over the past few years natural rubber production has been consistently above consumption, the excess being mainly reflected in governmental stockpiles While consumption of natural and synthetic rubber together continued to expand in conformity with the long term upward trend, natural rubber was increasingly displaced by synthetic in the United States. In 1952 the decline in strategic purchases of natural rubber coincided with the full impact on consumption of this displacement and the downward trend in prices continued. By mid 1952 however the United States government lifted its rubber controls and as prices of natural rubber are now competitive with those of synthetic natural rubber is expected to capture a greater share of the market. The surplus therefore is expected to be reduced in 1953 and to disappear within a few years Much depends, however on the trend of investment in the United States synthetic industry and the prices ruling after its transfer to private hands

Hard Fibers

Production was maintained at record levels in 1952 with a further rise in sisal output offsetting the reduction in Philippine abaca occasioned by the typhoons. With demand still rather weak there was some accumulation of stocks particularly in Brazil and Mexico Production appears to be adjusting itself fairly rapidly to the changes in the market situation that have taken place over the last two years. Hard fiber prices fell by 50 percent in the course of 1952 and there was some further decline in 1953 Drastic cut backs in production are expected among high cost producers particularly in Latin American sisal Demand meanwhile may improve as cordage stocks are being reduced

Forest Products

The first postwar decline in the trade of most forest products except newsprint occurred in 1952. In North America however there was more stability than in Europe. By mid 1953 general confidence in forest product markets was restored and prices appear to have reached levels acceptable to both buyers and sellers.

Production in 1952/53 generally has followed price trends with some time lag Production of industrial roundwood was maintained, but sawn wood declined slightly and wood pulp was slightly below the record level of 1951 The great instability in the industry in recent years has, however caused serious economic difficulties to some producing countries because of rigid cost structures.

The long term outlook for demand for forest products continues to be favorable in the light of progress in industrialization in many areas and improved living standards

Fertilizers and Pesticides

The trend towards greater use of fertilizers and pesticides in all parts of the world continued in 1952/53 Production and consumption of plant nutrients in the form of commercial fertilizers is estimated to have increased about 10 percent with the largest percentage gains occurring in countries where commercial fertilizers have been used relatively little hitherto The supply of pesticides was satisfactory and their use is

steadily increasing The immediate outlook is that consumption of both fertilizers and pesticides will continue to increase at rates close to those shown in recent years

Farm Machinery

World production and exports of tractors in 1952 fell considerably short of the record level in 1951 Expansion of production in some European countries was more than offset by the decline in the United States and United Kingdom. The number of tractors imported into the underdeveloped areas fell markedly compared with 1951 but agricultural tractor numbers continued to increase in all regions though at a slower rate than in 1951

Chapter II

WORLD REVIEW AND OUTLOOK

Chapter II - WORLD REVIEW AND OUTLOOK

AGRICULTURAL PRODUCTION

In 1952/53 for the first time since the war world agricultural production is estimated to have regained the prewar level per head of the population. This applies both to total agricultural production and to the production of foodstuffs only. The relation of production to population is not greatly changed if the U.S.S.R., China and the countries of Eastern Europe for which data are less complete than for other regions, are included or excluded from the total.

World production averaged about 9 percent more than before the war in the three years 1948/1949 to 1950/51 and rose to 13 percent above that level in 1951/52 and to 17 percent in 1952/53. Excluding the U.S.S.R., Eastern Europe and China the corresponding figures are 14 percent, 18 percent and 23 percent respectively (Table 1 and Figure 1). Thus, in the last few years, agricultural production has increased by rather over 2 percent annually and slightly exceeded the growth of world population, generally estimated at 1.4 percent per annum, or 1.2 percent if China and some other countries for which there are no recent statistics are excluded.

This expansion of production owes much to good weather and harvests in most regions in 1952/53. Prospects for 1953/54 are so far generally favorable but one or two years of bad weather would set back the world food position considerably. A factor which may slow down the rate of expansion in the next few years is the restriction of production for some commodities where supplies are outrunning effective demand. The production of sugar in Cuba and of rubber in the Far East were reduced in 1952; a smaller production of cotton in the United States and of jute in Pakistan have been recommended for 1953, a wheat acreage allotment has been set and a referendum of growers was held to determine marketing quotas in the United States in 1954. Although efforts to increase food production are being generally maintained, especially in food deficit countries and in food exporting countries in soft currency areas it is by no means sure that the recent rate of expansion in the world as a whole will be maintained or that it will continue to exceed the growth of population.

TABLE 1. INDEX NUMBERS OF VOLUME OF AGRICULTURAL AND FOOD PRODUCTION

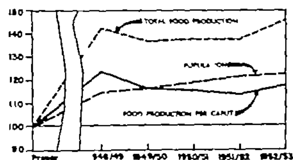
Region	1948/49-1950/51	1951/52	1952/53
	1934-38 = 100		
	Total Agricultural Production		
North Western and Southern Europe	104	114	113
North America	136	136	143
Latin America	122	120	130
Oceania	112	108	119
Far East (excluding China)	98	101	102
Near East	115	125	134
Africa	124	134	137
All above regions	114	118	123
World [1]	109	113	117
	Food Production		
North Western and Southern Europe	104	114	114
North America	139	138	146
Latin America	127	124	134
Oceania	112	106	118
Far East (excluding China)	99	100	103
Near East	116	124	133
Africa	123	132	134
All above regions	115	119	123
World	110	113	117
	Population		
World (excluding U.S.S.R., Eastern Europe and China)	118	121	123
World	112	115	117

NOTE: In this table and elsewhere in this chapter all figures for 1952/53 are provisional. The method of calculating these indices varies somewhat from those in earlier volumes of the State of Food and Agriculture in that more commodities have been included, and more complete allowances made for quantities used for seed or animal feeding. A note on the methods of calculation adopted appears in Annex 1. The countries included in each region are given in Chapter III.

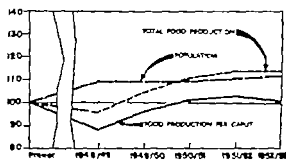
[1] Including estimates for U.S.S.R., Eastern Europe and China.

FIGURE 1 - TOTAL AND PER CAPUT FOOD PRODUCTION AND POPULATION, PREWAR AND POSTWAR

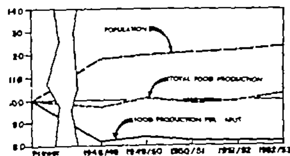
NORTH AMERICA



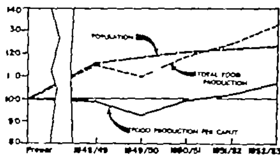
EUROPE
(excl Eastern Europe)



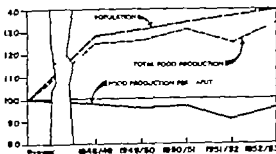
FAR EAST
(excl. China)



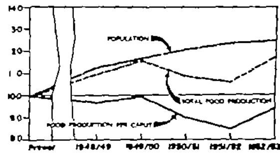
NEAR EAST



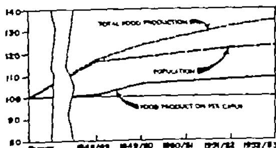
LATIN AMERICA



OCEANIA



AFRICA



WORLD
(excl. U.S.S.R., China and Eastern Europe)

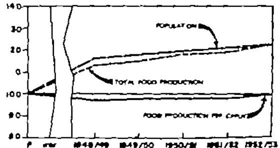
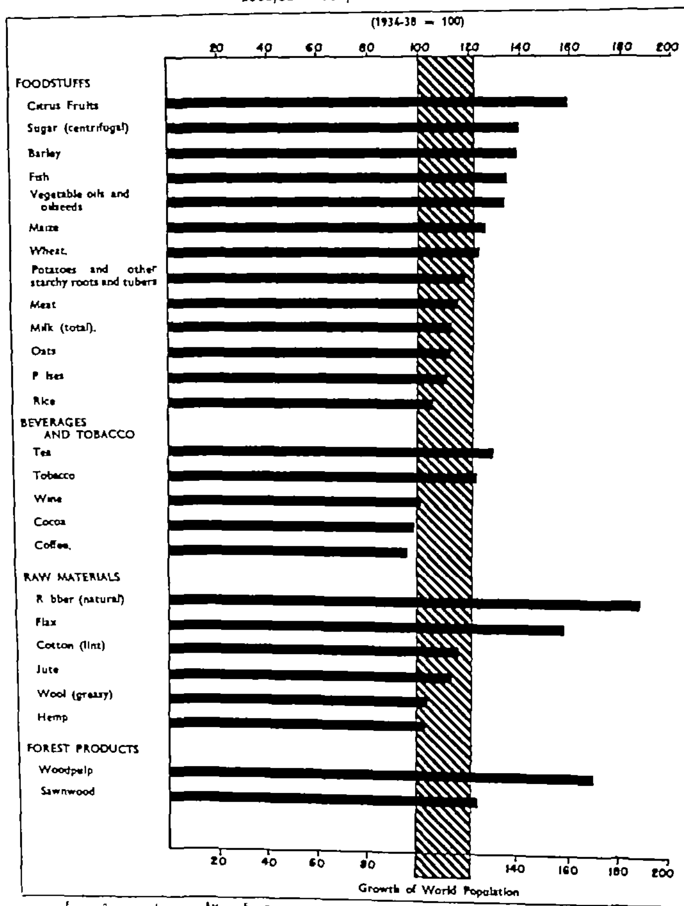


FIGURE 2 WORLD[1] PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES 1951/52 1952/53 AVERAGE



by methods of food utilization as well as by exports and imports. Changes in the pattern of trade in foodstuffs since the war have tended to a limited extent to offset the growing inequality of supplies between the different parts of the world, and for this and other reasons changes from the prewar period in food consumption levels have been less marked than those in per caput food production. But in spite of this and of the recent gradual improvement in production, food consumption in many countries still remains seriously low often lower than before the war especially in the Far East. Nor is there much evidence of a decrease in the gap between countries at the lower and higher food consumption levels (Table 3). Many areas still remain very vulnerable to any crop failure witness the serious food shortages in Yugoslavia and Pakistan in 1952/53.

In this connection, an important factor often overlooked, needs to be stressed. Not only must food production be increased year by year to meet the needs of a steadily rising population but stocks of food must also be enlarged even more than proportionately because of the movement of rural population to the cities and as a result of industrialization, especially in underdeveloped areas. In a number of countries storage facilities are insufficient for the stocks required.

Moreover the nutritional quality of the diets in such areas continues to be unsatisfactory as indicated by the low protein consumption levels. This is of particular significance since it is becoming increasingly clear that the most serious nutritional deficiency now prevalent in many areas of the world is associated with low protein consumption.

In Western Europe the relatively favorable food consumption levels achieved in the preceding year were maintained in 1952/53 with less dependence on food imports from the dollar area. Increasing use of whiter flour also reflects improved supplies. The end of all rationing in this region has now almost become an accomplished fact with its abolition in Austria and Spain, and its easing in the United Kingdom.

Unfavorable weather conditions, especially in the Danube Basin, seriously reduced food supplies in Eastern Europe in 1952/53. In some of these countries where rationing has been abandoned, higher food prices have caused difficulties in others e.g., Eastern Germany and Czechoslovakia, where rationing is still maintained, it has not always been possible to meet the rations. In the Soviet Union, the government has announced reductions in retail food prices for the sixth year in succession.

In most countries in Latin America the steady increase in per caput food supplies since the war continued in 1952/53, but the rapid increase in population continues to absorb a larger proportion of the region's production. In Argentina, despite better crops the level of meat exports could not be maintained without some reduction in per caput domestic meat consumption.

In North America, where food consumption is about 10 percent above prewar levels, high employment and incomes kept the demand for food at about the same or even somewhat above the level of 1951/52. Food intakes are once again close to record levels and increasing stocks provide some hopes that food shortages of an emergency nature which may arise in other parts of the world can be met. In Oceania and South Africa food consumption levels have been maintained.

In the Near East and French North Africa, where food production on the whole rose markedly over the previous year consumption levels have somewhat improved, but in Egypt small crops have necessitated larger food imports. Consumption levels in Israel remain low because of droughts and population increase and this has necessitated a very severely controlled food economy.

In the Far East with the main exception of Pakistan, food supplies per caput were generally higher than in the previous year because of the larger rice crop, especially in the food deficit countries. In Japan the national nutrition survey indicates increasing levels of average nutrient intakes in the whole country. Foodstocks in India at the beginning of 1953 were higher than in the previous year and dependence on food imports has been reduced, although per caput supplies have not improved significantly. However countries like Ceylon, dependent for food imports on specialized exports like rubber have had difficulty in obtaining supplies to meet their ration commitments.

The price of rice is one of the deterrents to expanding food consumption levels in the importing countries of the Far East. In countries such as India, Ceylon, Pakistan and the Philippines data collected for recent years by the ILO indicate that on the average the proportion spent on food by wage earners and their families is about 60 percent of their total expenditure expenditure on food grains alone constituting a large part of this proportion. This is in marked contrast with many countries in Western Europe North America and Oceania where the propor

rmers expenditure on food ranges to 40 percent Where as in the arge a proportion of wage earners t be used to obtain a diet often inadequate for themselves and their families it is clear that effective demand for foodstuffs cannot be raised substantially unless their real income is appreciably increased.

…TIMATED ENERGY AND PROTEIN CONTENT OF NATIONAL AVERAGE FOOD SUPPLIES PER CAPUT IN 1952/53 COMPARED WITH 1951/52, 1950/51 AND PREWAR

…NTRY	Calories				Total protein				Animal protein			
	Prewar	1950/51	1951/52	1952/53 change from 1951/52	Prewar	1950/51	1951/52	1952/53 change from 1951/52	Prewar	1950/51	1951/52	1952/53 change from 1951/52
	Number per day			Per cent	Grams per day			Per cent	Grams per day			Per cent
…ERICA												
	3 010	3 130	3 0[illegible]0	– 4	84	93	91	+ 2	48	57	56	+ 2
… States	3 150	3 180	3 100	—	89	91	91	+ 1	50	61	61	+ 1
SOUTH AMERICA[1]												
Argentina	2 [illegible]30	3 140	3 160	– 4	98	102	102	—	62	65	67	– 1
Brazil		[illegible] 340	2 300	– 1		58	59	– 2		16	16	—
Chile	2 240	[illegible] 400	2,400		69	73	74		21	25	26	
Colombia	1 [illegible]60	2 300	2 400		[illegible]	55	56		20	23	[illegible]	
Honduras		1 990	2 030			34	57			19	18	
Mexico			2 [illegible]10				61				16	
Peru			2 220				63				14	
Uruguay		[illegible] 900	3 070			91	101			60	65	
Venezuela		2 150	[illegible] 200			64	67			[illegible]8	20	
EUROPE												
Austria	2,900	[illegible] 790	2 660	+ 4	88	81	78	+ 5	30	35	36	+ 6
Belgium Luxembourg	2 820	2 890	2 930	+ 1	84	84	86	—	34	40	40	—
Denmark	3 4[illegible]0	3 130	3 220	+ 3	91	97	91	+ 2	57	37	51	+ 4
Finland	3 000	3 210	3 330		95	100	104		44	48	[illegible]	—
France	2 830	[illegible] 790	[illegible] 760	+ 1	93	91	92	+ 2	30	41	41	+ 3
Germany Western	3 070	[illegible] 810	2 [illegible]60	– 2	84	[illegible]6	76	+ 1	42	36	37	+ 2
Greece	2 600	[illegible] 510	2 490	– 1	84	—	77	+ 1	23	17	17	+ 10
Ireland	3 400	3 500	3 490	—	99	97	96	—	48	40	48	+ 2
Italy	2 520	[illegible] 430	2 480	—	82	—	[illegible]8	– 1	20	21	21	—
Netherlands	[illegible] 920	3 000	2 800	—	87	82	80	+ 1	44	39	40	+ 2
Norway	3 [illegible]00	3 180	3 060	+ 2	90	104	96	—	49	57	53	—
Sweden	3 120	3 230	3 090	—	93	95	93	– 1	50	60	60	—
Switzerland	3 140	3 250	3 180		96	97	96		54	51	52	
United Kingdom	3 120	3 100	2 990	+ 1	83	85	85	+ 1	46	46	43	+ 3
Portugal		2 460				67				20	—	—
FAR EAST												
Ceylon	140	2 140	2 010		46	53	53		9	12	1[illegible]	
India	1 970	1 570	1 620	– 2	56	42	42	1	8	6	6	—
Japan	[illegible] 180	[illegible] 100	2 100	2	64	33	53	– 1	10	10	10	—
Pakistan		[illegible] 160	1 9[illegible]0		—	54	54		—	11	11	
Philippines	1 950	2 030	[illegible] 000	2	45	4[illegible]	4[illegible]	– [illegible]	11	11	11	—
NEAR EAST												
Egypt	2 450	2,340	[illegible] 350	– 1	[illegible]	69	70	– 1	9	13	13	—
Israel		[illegible] 820				61				30		
Turkey	[illegible]450	[illegible] 510	[illegible] 560	1	79	81	82	– 1	13	14	15	+ 3
AFRICA												
Union of S Africa	[illegible]300	[illegible] 640			68	73			23	20		
S Rhodesia		2 1[illegible]0	[illegible]			69	69			16	17	
OCEANIA												
Australia	3 310	3 200			103	98			67	65		
New Zealand	3 290	3 4[illegible]0	3 3[illegible]0		96	104	103		64	70	60	

… Not available
— Negligible
[1] Figures refer to calendar year of earlier year [illegible]
[2] Including Pakistan

TABLE 8. INDEX NUMBERS OF THE VOLUME OF TRADE IN AGRICULTURAL PRODUCTS TOTAL AND BY REGIONS

REGION	1948-50	1951	1952
	1934-38 = 100		
Gross Exports			
World	93	103	98
North America	170	208	201
Africa	119	122	128
Oceania	120	111	123
Near East	9	105	108
Europe	63	80	79
Latin America	99	91	—
Far East	65	79	68
Gross Imports			
World	93	103	98
Near East	188	235	218
Latin America	157	180	168
Africa	135	164	158
Oceania	167	191	153
North America	120	125	122
Far East	74	103	92
Europe	87	91	87
Net Exports			
Oceania	127	106	121
Africa	115	110	119
Near East	64	58	68
Latin America	91	77	63
Far East	54	50	40
North America	—	—	—
Net Imports			
Europe	97	93	90

Changed from a net importer in 1934-38 to a net exporter

ticularly in the trade in foodstuffs as distinct from beverages, tobacco and raw materials. The change appears to result essentially from the expanding food requirements of the less developed regions of the world, due partly to the increasingly rapid growth of their populations and partly to the spread of industry, mining and other non-agricultural pursuits which bring with them a demand for higher standards of living. Food production in these regions has not kept pace with the growing demand, which has been partly met by reducing food exports and partly by larger food imports. The combined effect is that net exports of food from the less developed areas have fallen even more sharply than gross exports (Figure 4).

The counterpart of the fall in exports from the less developed region has been a corresponding rise in food exports from North America. In the years immediately before the war imports of sugar and oilseeds into North America roughly balanced its exports of cereals, livestock products and other foods. Since the war, however, this region has become the world's largest exporter of food, accounting for roughly half the net inter-regional movements of foodstuffs. This development must have considerably increased the imbalance of payments between North America and the rest of the world. But as is shown later, its effect is marked first by the continuing growth of North American imports of coffee, rubber, wool and other non-food agricultural products, and second, by a marked change in the relative prices of the agricultural products imported into and those exported from North America.

The development of the food situation in the less developed regions has not everywhere followed precisely the same course, though the general causes and effects seem to be similar. For example, gross imports of food into the food importing countries of the Far East have scarcely increased, though they now come largely from North America and Australia rather than from other Far Eastern countries. Gross exports of foodstuffs from this region, however, have fallen sharply and averaged 60 percent less in the three years 1950-52 than before the war. Formerly a large net exporter of food, the Far East has now become a considerable net importer.

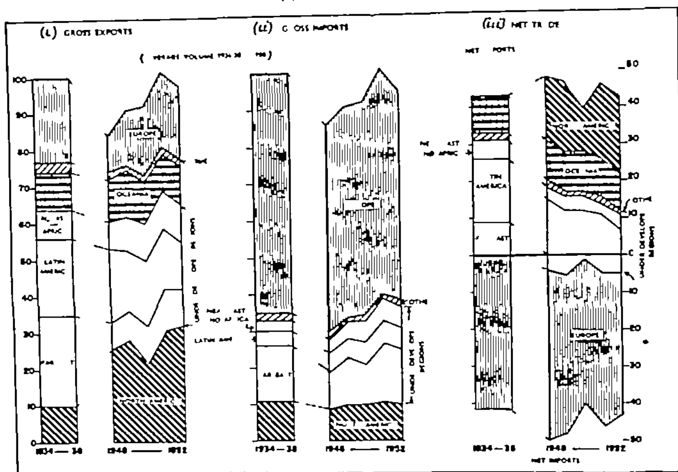
This change in the densely populated Far East is well known, but in some ways is less remarkable than the changes in Latin America, the Near East and Africa, where there is not the same pressure of population. There has been a rapid growth of food imports into these regions, checked in 1952 by the lower earnings of exporters of primary products, but unmistakable in general trend. Together their imports now account for about 12 percent of world trade in food against less then 7 percent before the war. The rise has not been confined to cereals, but has extended to foods such as sugar and livestock products, which suggests that it derives partly from improved living standards (Table 9).

TABLE 9. INDEX NUMBERS OF THE VOLUME OF FOOD IMPORTS INTO LATIN AMERICA, AFRICA AND THE NEAR EAST

REGION	1948-50	1951	1952
	1934-38 = 100		
Latin America	150	173	170
Africa	122	149	140
Near East	189	238	237

FIGURE 4 - THE CHANGING PATTERN OF WORLD TRADE IN AGRICULTURAL PRODUCTS

(a) FOODSTUFFS



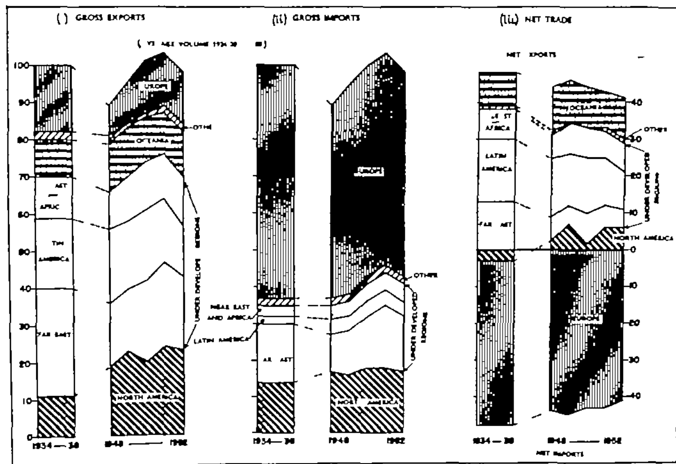
[Net trade (diagram III) is the difference between gross export (diagram I) and gross import (diagram II)]

In Latin America the increase in food import has been accompanied by a fall in food exports, apparent even before the sharp decline in 1952, which resulted from the Argentine crop failure. In Africa rising food import have roughly balanced an increase in food exports, leaving the net position unchanged. In the Near East the expansion of import has more than outweighed a recovery of food exports. Taking these three regions together the fall in gross exports of food from 1934-38 to 1950-5* was only 13 percent but because of the rise in imports the fall in net exports to other region was about 40 percent.

The changes in the pattern of international trade in foodstuff are seen most clearly in the diagrams of net exports and net import in Figure 4a, which exclude the intra regional trade within Europe, the Far East and other regions. These net shipments between regions account for rather more than 40 percent of the international trade in foodstuff. Before the war the underdeveloped regions (Latin America, the Far East, the Near East and Africa) supplied about three quarters of the net inter regional shipments, the remaining quarter coming from Oceania with a little from the U.S.S.R. Today the volume of the net inter regional movement of food is about the same as before the war and there has been no marked change in the share of Oceania and of U.S.S.R. But the under-developed regions which formerly contributed three-quarters now provide only one-quarter of the net inter regional shipments. The remaining half comes from North America, which in 1934-38 was on balance neither a net importer nor a net exporter of food.

The trend of international trade in natural fibers and rubber (Figure 4b) differs from the trend for foodstuff in two important respects. In the first place net exports from the less developed regions have been well maintained since the war. Although increasing industrialization has

FIGURE 4 (d) ALL AGRICULTURAL PRODUCTS



[Net trade (diagram iii) is the difference between gross exports (diagram i) and gross imports (diagrams ii)]

TABLE 10. INDICES OF UNIT VALUES[1] OF U.S AGRICULTURAL IMPORTS AND AGRICULTURAL EXPORTS

Item	1950	1951	1952
	1934 38 = 100		
A. Unit value of agricultural exports	244	289	275
B. Unit value of agricultural imports	312	418	356
Ratio B/A	128	146	129

[1] Index of value of trade divided by index of volume

Thus in the last three years the terms of trade for agricultural products have moved to the extent of 30 to 40 percent in favor of North American imports compared with North American exports. This has so largely offset the opposite trend in the volume of trade that in terms of value North America has remained a small net importer of agricultural products. As long as this price relationship continues it will largely counterbalance the effect of North America's larger food exports on its total balance of current payments, although countries will be differently affected depending on their position as suppliers to or importers from North America.

Another factor influencing the balance of payments is the terms of trade between agricultural products on the one hand and manufactured goods on the other. It was shown in a report by the United Nations[1] that the terms of trade for primary products against manufactured goods have moved consistently in favor of the latter from about 1880 until immediately before the Second World War. The sharp change in favor of primary products was shown to have carried the terms of trade for the United Kingdom, a typical exporting country for industrial goods roughly to the level which obtained in 1913. For the United States the effect on the terms of trade was greater as the commodities for which the rises in price were greatest form a larger proportion of her imports of primary products and as import values were less stabilized,

[1] U N DEPT. OF ECONOMIC AFFAIRS, *Relative Prices of Exports and Imports of Under-developed Countries.* Dec. 1949 New York. p. 22.

e.g., by long term contracts The terms of trade are now less favorable to primary producers than at the peak in 1951 but are still more favorable than before the war

The trend in the terms of trade for foodstuffs has been similar to the trend for primary products as a whole[1] It is impossible to tell whether after the postwar upswing the long term trend of the terms of trade in favor of manufactured goods will be resumed or whether there has been a more permanent change in the situation But the growing food requirements and declining food exports of the under-developed areas would not be inconsistent with the latter alternative at least for foodstuffs

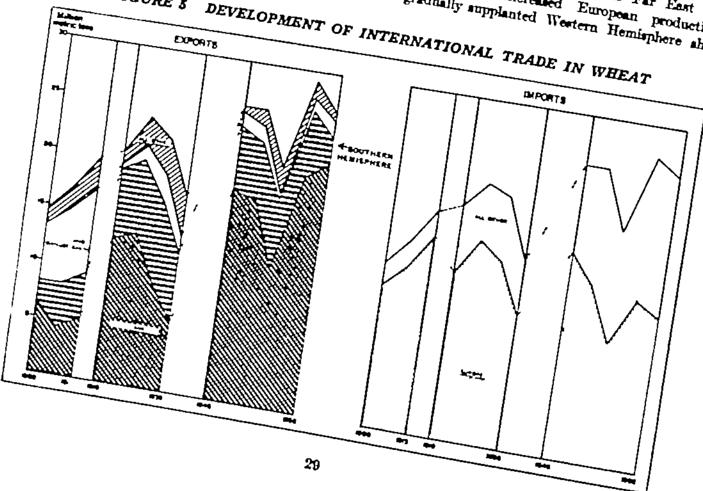
The whole relationship between the changing pattern of trade in agricultural products and the balance of payments of individual countries or regions is thus complicated and can be fully elucidated only by a much more detailed analysis than has yet been possible Yet irrespective of the counterbalancing effects of the opposite trend in the trade in non food agricultural products and of the shift in the terms of trade it is clear that the major shift towards greater dependence on North America for food must in itself have had a large influence on the international balance of payments of many countries Foodstuffs alone account for 20 to 25 percent of total world trade, and agricultural products as a whole some 40 percent so that a major change in this important sector of world trade is of general significance

Comparison with World War I

It is interesting to draw a parallel between the changes in the pattern of international trade in foodstuffs discussed above and those which followed the First World War Then, as now there was a sharp increase in dependence on foodstuffs particularly cereals from North America because of the cessation of cereal shipments from the U.S.S.R and the Danube Basin. There was also an increased dependence on sugar from the Caribbean area because of the virtual disappearance of exports from Eastern Europe Although these traditional sources never regained more than a fraction of their former importance between the wars, shipment of cereals from the Southern Hemisphere and sugar from the Far East together with increased European production gradually supplanted Western Hemisphere ship-

[1] See for example *World Production Prices and Trade 18 0 1960* by Prof. W Arthur Lewis in The Manchester School of Economic and Social Studies May 1952. Manchester

FIGURE 5 DEVELOPMENT OF INTERNATIONAL TRADE IN WHEAT



ments and in 1934-38 these were at a lower level than at any time in the century The series of droughts in North America in the mid thirties intensified but cannot fully explain this trend

The process of agricultural recovery in Europe has already reached the point when imports of, e.g., cereals have been reduced to the low 1934-38 level, in spite of a larger population. What is new in the present situation however is that Europe is no longer virtually the only importer of foodstuffs and the growing demand from other regions has made up for the falling European demand The need for supplies from North America has therefore remained high, though with sharp declines in 1949/50 and 1952/53 Moreover the area over which net export supplies of food have declined or dried up seems larger than after the First World War (Figure 5)

The growth of food imports and decline of net exports from the less developed regions result in some instances (e.g Burma) largely from internal disturbance and the after effects of war Primarily however the trend appears to stem from the normal course of development the growth of population and the demand for improved standards of living, strengthened by the gradual spread of industry and other non-agricultural activities. Unless their increasing food requirements can be met by expanded production in the under-developed regions themselves it seems likely that their general economic progress may be retarded, in that their earnings of foreign exchange will be reduced, or that their limited currency resources will continue to be devoted largely to food imports rather than capital goods for economic expansion. The balance of payments implications of a continuation of increased European dependence on food imports from North America are also far reaching

THE WORLD ECONOMIC SITUATION IN 1952/53 AND THE DEMAND FOR AGRICULTURAL PRODUCTS [1]

The demand for foodstuffs and particularly for agricultural raw materials is determined to a considerable extent by the general level of economic activity In 1952/53 world industrial production rose by about 4 percent and consumer purchasing power continued at a high level. The principal economic developments included the liquidation of the effects of the waves of panic buying which had occurred late in 1950 and early in 1951 the continued easing of inflationary pressures the relaxation of many direct anti inflationary measures especially in North America and Western Europe and increased competitiveness in international markets More conventional anti inflationary measures, through higher interest rates, appeared in many countries.

Economic Activity and Employment

In the United States the index of industrial production rose steadily from July 1952 to March 1953 and has remained at about this postwar record height through June Unemployment remained exceptionally low The gross national product and personal income also increased and in the second quarter of 1953 were about 7 per cent higher than a year earlier As prices remained stable this represents a corresponding gain in real income The rising disposable income resulted in higher consumption expenditures and retail sales The continuing boom in the United States is supported by higher defense expenditures, the continued high rate of building of private dwellings, and still increasing expenditures on new plant and equipment, automobiles and other consumers durables

In Canada business is even more buoyant The gross national product in 1952 was 7 percent higher than a year earlier and is still rising New postwar employment records, declining prices, higher real incomes and bigger retail sales, represent together a prosperity without inflation. Although defense expenditure contributes this prosperity is based primarily on an extremely high rate of capital investment, rapid industrial and mining development, and high, though lately declining exports of agricultural and industrial products

Industrial production in Europe (except Eastern Europe) was slightly higher in 1952 than in 1951 but the increase was due solely to a higher output in France and Western Germany and in most other countries, including the United Kingdom, there was a slight decline The increase in Western Germany is but one indicator of a general economic recovery also evident in foreign trade and in the balance of payments. In France the

[1] This review draws freely on the reports listed below issued by the United Nations and its various Economic Commissions:
Review of Economic Conditions in the Middle East 1951 52
Economic Survey of Asia and the Far East 1952
Economic Survey of Latin America 1951/52
World Economic Report 1951/52

position was more precarious and industrial production declined in the second half of 1952. In the first five months of 1953 however some improvement was evident in the Western European economy and industrial production was 3.5 percent above the average of 1952, mainly because of a continuing rise in Western Germany and a more favorable turn in the United Kingdom.

Industrial expansion continued in the Soviet Union and Eastern Europe but the rate of increase was the lowest since the war. The main emphasis in this area is still on heavy rather than light industry though some modifications of this policy have been announced recently.

Over-all industrial production in the major Latin American republics, except Argentina was somewhat higher in 1952 than in the preceding year although there was some decline in the output of consumers goods. Difficulties in the disposal of exportable agricultural surpluses and sharp declines in Argentina's agricultural output, which forced several Latin American countries to import dollar wheat, led to severe import restrictions and also to deflationary measures as well as to changes in the system of exchange rates. The emphasis on rapid industrialization was toned down, and greater stress was put on agriculture. The better Argentine grain harvest in 1952/53 and the recovery of wool prices are not yet reflected in any marked improvement in the economic situation. Inflation has not yet been brought fully under control in Latin America, although in many of the republics serious attempts are being made to correct the critical financial situation. Thus Brazil removed exchange controls for a limited number of transactions in order to adjust the high prices which had restricted its exports of some commodities and at the same time negotiated a substantial loan from the United States Export Import Bank to liquidate arrears in payments to some foreign suppliers. The sharp increase in the cost of living in some Latin American countries seems to have resulted to a large extent from the increased demand for foodstuffs in relation to available supplies.

Economic condition deteriorated in 1952/53 in the Far Eastern countries which depend largely on exports of primary products, except rice because of falling prices and the unfavorable turn in the terms of trade. Industrial production continued to expand in the Far East and has led to a strengthened demand for foodstuffs but inflationary pressures have been effectively controlled in most countries in the region. Although Japan has experienced a lower export demand for textiles, American purchases of Japanese goods and services at the annual rate of U.S.$800 millions in connection with the Korean war have helped to balance external payments. India too had lower export earnings from cotton and jute manufactures, but increased domestic production of raw fibers has to some extent reduced its import requirements.

The year 1952/53 showed a marked improvement in the economic situation of Australia and the government has been able to ease some of the severe import restrictions introduced early in 1952. The production of basic manufactured, mining and most agricultural products has increased. Similarly in New Zealand, higher wool prices and increasing exports particularly of dairy products, led to an improved balance of trade. The balance of trade of the Union of South Africa also improved. In the less developed parts of Africa the main expansion is now in mining, though the metropolitan governments are also continuing development programs in other sectors. In most Near Eastern countries there have been no marked changes in economic conditions. They are rather favorable in Turkey but have deteriorated in Iran and Israel.

International Balance of Payments

There was an improvement in the dollar position of the world outside North America during 1952/53, as shown by a reversal of gold movements since the last quarter of 1952. This development was partly due to the restrictions placed on dollar imports in the first half of 1952. The value of United States exports declined from the first to the second half of 1952 by about $900 million or some 11 percent and was about 2.5 percent lower in the first four months of 1953 than in the same period in 1952. United States imports also declined in the second half of 1952, but later recovered and in the first four months of 1953 were 3 percent higher than in the same months of 1952. The excess of United States exports over United States imports fell from $4 700 million in 1951/52 to an annual rate of $3 900 million in the first ten months of 1952/53 which was more than covered by government credit, other transfers and grants in aid, so that there was a net out flow of gold and dollars.

This out flow was rather unevenly distributed. Western Europe and within Western Europe Germany and the Netherlands showed the largest increases in gold and dollar reserves. Those of

France declined, however especially since the last quarter of 1952 The United Kingdom and the sterling area gradually improved its position in 1952/53 after the very heavy gold losses of 1951/52 Canada and some Latin American and Asian countries also increased their dollar holdings. Many exporters of primary products in the less developed regions, however again had serious difficulties in their foreign balance of payments

PRICES OF AGRICULTURAL PRODUCTS

Although the continuing high level of economic activity in 1952/53 tended to maintain the demand for agricultural products, the actual movement of prices was largely affected by the earlier inflationary rise in 1950/51 and by changes in the supply position The sequence of price changes which began with the outbreak of war in Korea had largely worked itself out by the first half of 1953 The initial boom was primarily in raw materials for industry and in forest products prices of which had sometimes doubled, and in the case of rubber trebled, by the peak period in early 1951 Consequently the most dramatic falls in prices occurred in the same group of commodities Prices of foodstuffs and beverages were steadier though some showed price rises of 20 to 30 percent and occasionally more at the height of the boom in early 1951 (Figure 6) In general the downward trend of agricultural prices seems likely to continue in 1953/54

The general downward trend of prices during the past year has thus been primarily a readjustment from the earlier inflationary rise With the major exception of the temporary recession in textiles, there has been no important decline in demand for consumption, as distinct from stock piling A running down of stocks accumulated earlier contributed however to the fall in prices For some commodities increasing supplies have also contributed to the result and in a few cases, notably jute rubber and sugar production has considerably exceeded the demand The sharp fall in United States cattle prices showed that supplies had risen above the quantities which could be absorbed at the high prices of the last few years Without the operation of price supports in North America there would probably have been a bigger decline in some other commodities as well, e.g wheat cotton, cottonseed oil, dairy products wool and tobacco large additions were made to the stocks of these commodities held by the United States Commodity Credit Corporation during the past year Holdings of some of these products, including wheat cottonseed oil and tobacco now amount to some 25 to 40 percent of average annual production For the world as a whole stocks of wheat sugar jute and cotton were substantially higher at the end of 1952/53 than a year earlier or at the end of any season since the war and world stocks of rubber were also maintained at the high level of recent years

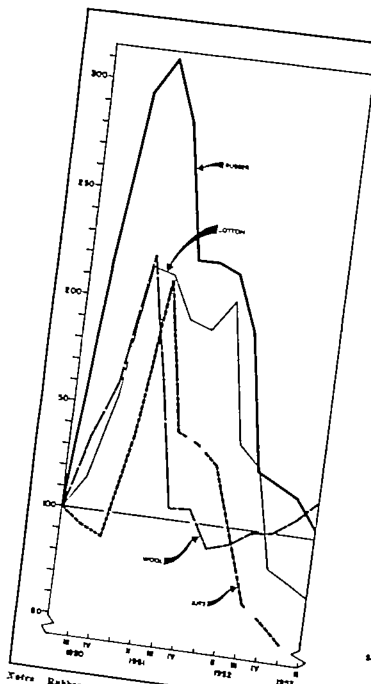
By mid 1953 many agricultural commodity prices were back fairly close to the pre-Korean levels. A few major commodities, including livestock products coffee and cocoa, were still priced 15 percent or more above those prevailing in the first half of 1950 On the other hand, by mid 1953 prices of cotton jute sugar and tea were below the corresponding 1950 prices Prices of some commodities, however e.g wool and oil seeds have shown a marked recovery from the lowest point reached in 1952 Fish prices continued to move above the pre-Korean level, although there has been little increase since 1951 Prices of forest products, especially of European origin fluctuated violently in 1951-52 The decline of 1952 was checked towards the end of the year and prices remained fairly steady in the first half of 1953 and at mid year were well above the corresponding mid 1950 prices Even so prices are in some cases out of line with current production costs

The dislocations caused by the violent price movements since 1950 led to a renewal of interest in international commodity agreements as a means of stabilizing prices International discussions have been held for sugar cotton and rubber while the so called Green Pool discussions in Paris explored the possibility of developing a unified market for certain agricultural products in Western Europe After long negotiations the International Wheat Agreement was renewed early in 1953 for a further three years, but without the adherence of the United Kingdom Otherwise no tangible results have yet materialized from these discussions

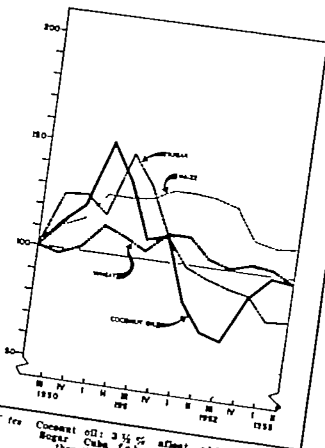
Indices of farm prices are not available for most countries in the less developed areas where recent price fluctuations have been most marked In many European countries especially where price supports operate farm prices as a whole were maintained or slightly increased during 1952/53 but they fell somewhat in Norway Belgium Western Germany and the Netherlands In Japan, where there is also an extensive price support system, they increased slightly and in South Africa they

FIGURE 6 - MOVEMENT OF PRICES OF SELECTED FOODSTUFFS AND RAW MATERIALS

(January-June 1950 = 100)



Notes: Rubber: U.K. wholesale smoked sheets, N.Y.
Wool: U.K. 64s Dominion lean, cost delivered in the U.K.
Cotton: Egypt Karnak good, Alexandria
Jute: Pakistan middle quality Mymensingh



Notes: Coconut oil: 3½% afloat, c.i.f. European port.
Sugar: Cuba f.a.s. export price to destination other than U.S. (No. 4 contract)
Maize: U.S. No. 3 Yellow cash price at Chicago
Wheat: U.S. No. 2 Red Winter cash price at Chicago.

showed a sharp rise. In the United States farm price indices fell by 11 percent in 1952/53 and in Canada by 10 percent in spite of the widespread price support schemes especially in the United States. In the latter country the sharpest decline was in the livestock sector and reflected mainly the fall in prices of beef cattle.

The falling prices on the commodity markets and at the farm gate are not fully reflected in the general level of wholesale prices. Against the fall in farm prices, general wholesale prices in North America fell by only 2 to 3 percent during 1952/53 although wholesale prices of agricultural products fell by about 10 percent in the United States and 16 percent in Canada. In Western Europe the decline in both general and agricultural wholesale prices was generally of the order of 5 percent. An exception was Sweden where general wholesale prices fell but those for agricultural products increased because of the higher level of support prices. In the Near East and Far East wholesale prices have remained

rather stable Thus in India there was a slight fall in the latter half of 1952 which has since been regained while in Indonesia the earlier inflationary rise in food prices has been checked. Exceptions include Pakistan, Iran and Israel, where prices continue to rise The same is true in a number of Latin American countries, where inflationary pressures remain strong In Australia, however wholesale prices have remained stable in the past year though at nearly 50 percent above the pre-Korean level. In many countries indices of wholesale prices of agricultural products are now lower than general indices of wholesale prices compared with their relationship in the first half of 1950 and the divergence is sometimes rather wide for example in Western Germany France Canada and Australia.

The limited decline in wholesale prices has so far penetrated hardly at all to the retail level, even for food prices (Figure 7) Any fall in wholesale prices has been generally offset by other factors, such as the end of controls on rents, prices and wages the abolition or reduction of food subsidies and increased interest rates for credit Hence the cost of living has remained stable or increased slightly in most industrial countries thus tending to prevent prices of finished manufactures from declining on the domestic and export markets In many less industrialized countries, retail prices have declined somewhat except where inflation has not yet been brought under control

Exceptions occurred in such diverse countries as Canada and Egypt where retail food prices declined by about 10 and 14 percent respectively since early 1952 these reflect lower wholesale prices for food and in the case of Egypt, the drastic measures taken by the government toward the end of 1952 to lower food costs On the other hand, increases occurred in such countries as India and the United Kingdom because of a reduction of food subsidies In Pakistan retail food prices have risen by more than 10 percent during the past year because of shortages due to drought Temporary food shortages, at least in relation to the volume of demand, have also contributed to the rising prices in some Latin American countries, e.g., Brazil and Argentina, where retail food prices rose even more rapidly than the general cost of living

Recent developments have thus tended to operate to the disadvantage of the farmer He is affected though less than urban consumers, by the general level of retail and wholesale prices and the relative stability of these indices in most countries in contrast to the downward trend of farm prices worsens his general position. Still more significant in its effect on net farm income is the relation of the prices of the products he sells and of the farm requisites he must buy to carry on his business Few countries publish comparative indices of prices received and prices paid by farmers, but in most of the countries that do so a marked fall is evident in the ratios in the last year though in some cases they remain more favorable to farmers than before the war (Table 11)

FARM INCOME AND INVESTMENT

In the more developed countries the economic situation of farmers remained generally advantageous in 1952/53 as the unfavorable change in price relations noted in the previous section tended to be offset by higher production. Compared with 1951/52 there were no major changes either in their net money incomes or in the cost of liv

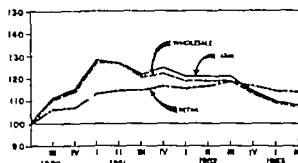
TABLE 11 RATIO OF PRICES RECEIVED TO PRICES PAID BY FARMERS FOR SELECTED COUNTRIES BY QUARTERLY PERIODS

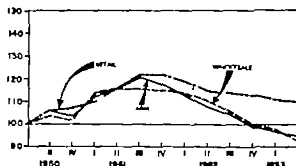
COUNTRY	1950		1951				1952				1953	
	III	IV	I	II	III	IV	I	II	III	IV	I	II
	January-June 1950 = 100											
Canada	105		105	104	106		101	94	91		90	84
United States	107	109	115	112	107	100	105	104	106	101	97	96
Belgium	93	96	98	95	94	97	102	102	95	92	86	90
Germany Western	98	94	92	91	93	93	93	90	91	88	86	
Netherlands	98	108	105	91	89	102	98	92	96	90	93	
Norway	91	91	91	88	88	90	94	89	94	90	88	81
Switzerland	102	103	98	97	96	96	94	95	95	95	95	85
India (Assam)					122	112	92	91	90			
Japan					97	101	104	105	109	107	100	110

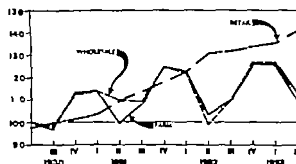
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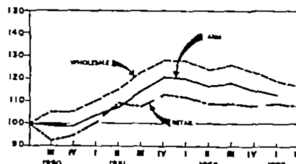
FIGURE 7 PRICES OF AGRICULTURAL PRODUCTS AT FARM AND WHOLESALE AND FOOD PRICES AT RETAIL

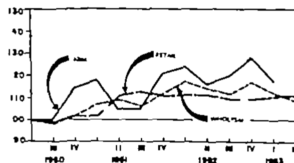
(January-June 1950 = 100)

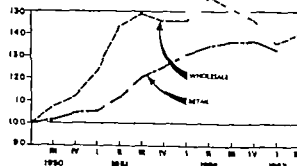


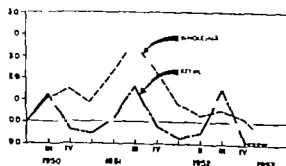


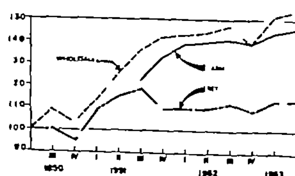












ing In comparison both with the prewar and immediate postwar period, farmers are operating more efficiently have increased their capital investments and are generally in a stronger economic position.

At about $14 700 million net United States farm incomes in 1952 were six percent lower than in 1951 and may fall by another 6 to 7 percent in 1953 as the fall in prices received by farmers is not fully offset by lower costs In that case it has been estimated that the purchasing power of farm incomes in 1953 would fall to the level of 1950 the lowest since the war but nevertheless about 30 percent above the prewar level.

In Canada the position is similar The net farm income reached a record level of Can $2,118 million in 1951 and declined by 11 percent in 1952 but was still 35 percent higher than in 1950 The purchasing power of the farm income also declined from 1951 but was substantially higher than in 1941

In terms of capital investment, farmers in the United States in 1951 and 1952 spent almost $6,000 million each year for farm equipment and construction. This represents almost 10 percent of all capital outlays in the United States

In both countries, but mainly in the United States price support measures were more fully utilized as prices tended downward. The parity ratio in the United States declined steadily during the past year and at the end of June 1953 was 94 as compared with 103 a year earlier

In Oceania net farm incomes showed a substantial increase in 1952/53 as compared with 1951/52 resulting mainly from greater production at enhanced prices Although prices to farmers have risen somewhat, it is unlikely that over the year as a whole the cost/price ratio moved significantly in favor of farmers mainly because of adjustments in labor costs. Nevertheless the extra output at higher prices was sufficient to result in net income higher than in any other year except 1950/51 when it was raised by the high wool prices due to the Korean boom.

In Western Europe there has been recently a considerable degree of stability in agriculture Although 1952/53 i unlikely to have proved a highly profitable year for farmers, the real value of incomes generally suffered no sharp set back Thus in Western Germany although prices of livestock have tended downwards and costs of labor fertilizers and machinery are somewhat higher (the price index for farm requisites was about 3 percent higher at the end of 1952 than a year earlier) the rise in the volume of production at least partly offset this unfavorable development in price relations Furthermore, as the cost of living declined, the real value of farm incomes was sustained. In France Italy and Switzerland, too the balance of production, farm prices and costs is likely to leave the real income of the farmer largely unchanged. In the Netherlands, Denmark and Norway farmers costs seem to be running a little ahead of prices in Sweden the reverse seems to have been the case Investment in agriculture in Western Europe has been maintained at a fairly high level, and in particular there has been a sharp increase in mechanization. Between 1950 and 1952 the number of tractors increased by 15 percent in Sweden (already highly mechanized) by 20 to 30 percent in the Netherlands and Switzerland, by about 40 percent in France, Belgium and Western Germany and by no less than 90 percent in Denmark

In the United Kingdom the economic position of the farmer has improved considerably Net incomes, in part reflecting increased production between 1938 and 1952 nearly doubled after allowing for the general rise in the price level Net income in 1952/53 is likely to have been about the same or slightly lower than in 1951/52 There has been a considerable investment in agriculture, particularly in mechanization, and in 1952 the number of tractors reached 387,000, compared with 348 000 in 1950 and 55,000 before the war

In Japan the large gains in farm income in 1951/52 were not continued into 1952/53. Rises in current farm expenses and in the general cost of living more than offset the increase in total farm receipts Farmers income from non agricultural sources increased however leaving a slight net gain in their over-all economic position Rural living standards, which improved between 1950/51 and 1951/52, were maintained in 1952/53 The large prewar difference between urban and rural living standards has now largely disappeared, as farm living standards have improved, while urban consumption levels remain about 30 percent lower than before the war

In other areas of the world information on agricultural incomes is scanty and indeed the concept of net farm incomes as used when the main production is for the market applies to a limited extent only where farmers are largely on a subsistence basis The small proportion of their production and consumption which goes through the market has been affected by the downward trend of most commodity prices and the relatively higher prices of many manufactured articles

This is true also of fishermen producing on a

subsistence basis To some extent their economic position has improved through the development of mechanization and other technical innovations and also the creation of market opportunities following on industrialization.

A major difficulty in the expansion of agriculture in the less developed regions is the scarcity of capital intensified by their recent concentration on industrialization For example the *Economic Survey of Latin America 1951/52* reports that generally speaking little capital has been applied to agriculture Its growth has been slow compared with industry creating difficulties both for exports and for domestic consumption. [1] In fact, manufacturing production in Latin America rose at an annual rate of 7 7 percent between 1946 and 1952, compared with 2.5 percent for agriculture Agricultural products make up nearly half of Latin American exports, which according to the same report are closely correlated with the rate of investment Thus a vicious circle is developed insufficient investment in agriculture reduces exports and lowers the capacity for external payments and for total investment which, in turn, prevents further adequate investment in agriculture This diagnosis holds good not only for Latin America, but also for other underdeveloped regions

Lately however a reversal of this trend has become apparent Mexico and Argentina are notable examples of Latin American countries which are now laying increasing emphasis on agriculture In the Near East Turkey has provided a remarkable example of agricultural development now beginning to come to fruition. The Far East provides some of the most striking examples of the growing attention to agriculture and the development programs of e.g., India, Pakistan and Ceylon allocate a large part of available funds to agriculture In the latter region in particular public fund are being used to an increasing extent to supplement the lack of private funds for investment in agriculture partly due to the general shortage of capital and partly to more profitable opportunities for investment in other fields On the one hand public funds are being used for large-scale schemes including irrigation and the importation of farm machinery for land reclamation On the other they are being used to help forward small scale projects e.g to encourage schemes of self help and community development or by setting up or enlarging public financing institutions intended to alleviate the small farmer s traditional difficulty in obtaining credit

There is little statistical data available on agricultural credit in most countries FAO as requested by the Sixth Session of the Conference sent out a mail questionnaire in 1952 seeking information on credit granted and outstanding, and on types of credit institutions The replies to date are not yet sufficient to allow tabular presentation However the available data do support the view that although progress is being made, credit facilities and the supply of long term credit are inadequate in many countries. particularly for small farmers

In addition to direct state investment a number of countries have attempted to increase the flow of private funds into agriculture Mexico for example has released blocked commercial bank funds for investment in agriculture

The acute shortage of domestic capital in the less developed countries has naturally led to considerable attention being given to securing funds from abroad for investment both in agriculture and in other sectors of the economy So far however the flow of foreign capital for direct investment in agriculture has been rather meagre though larger amounts have been forthcoming for example, for transport and power developments which aid agriculture indirectly

Private Foreign Investment

In the private sector new United States direct investment and re-investment in foreign agriculture in 1951 the latest year for which data are available amounted to $40 million. Total United States private investment in foreign agriculture outstanding at the end of that year amounted to $694 million. These funds were placed in very limited sectors More than 60 percent was invested in Latin America, mainly in sugar and fruit undertakings about 45 percent was in Cuban sugar alone In comparison, it may be noted that at present new net domestic investment in United States agriculture i.e., less amortization and maintenance cost is of the order of $1 500 million annually

As is well known, United Kingdom overseas private investments have declined steadily since the prewar period and in 1950 the latest year for which official data are available they were some 40 percent lower than in 1938 It is impossible to separate the part of agriculture but a breakdown of a total share and loan capital of

[1] *Economic Survey of Latin America 1951/52* ECOSOC Document E/CN 12/291 March 1953.

£1,235 million in United Kingdom registered companies and British companies registered abroad, lists £77 8 million for rubber and £40 0 million for tea and coffee as the only recognizably agricultural undertakings The Commonwealth Development Finance Company established after the Commonwealth Economic Conference of December 1952 is intended to mobilize private capital for primary production, but lending for all purposes has been limited to a maximum of £30 million so that no large-scale financing can be expected for agriculture

Other countries exporting private capital, except to dependent territories include Canada (mainly to the United States) and Switzerland the latter country in 1952 provided nothing directly for agriculture out of foreign loans of about $60 million. It seems clear therefore that the total flow of foreign private capital for investment in agriculture from all sources has been almost negligible in comparison with total needs.

Public Foreign Investment

Since the war the bulk of foreign investment has come from public sources of which the International Bank for Reconstruction and Development and the United States Import Export Bank are among the most important

TABLE 12. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT: AUTHORIZED LOANS TO MAY 1953

ITEM	Nov 1951 to July 1952	July 1952 to May 1953	TOTAL
	Million U S dollars		
TOTAL loans authorized	240 1	173 4	413 5
Directly aiding agriculture	63 3	55 4	118 7
Machinery and spare parts	9 6	—	9 6
Irrigation and flood control	25 2	19 5	44 7
Timber equipment	1 0	3 5	4 5
Processing industries	9 5	32 4	41 9
Multi purpose loans	18 0	—	18 0
Indirectly aiding agriculture			
Transport	42 2	88 0	130 2
Power development	94 6	—	94 6
Other	40 0	[1]30 0	70 0
	Percent		
Percentage directly aiding agriculture	26 4	31 9	28 7

[1] To Yugoslavia; partly for utilization of forest resources and production of superphosphates.

SOURCE: IBRD *Seventh Annual Report 1951-52*, Washington, September 1952 and Press Releases

Although the total loan authorizations were lower in the second period covered by the above table the percentage for direct aid to agriculture was somewhat larger Of these loans, by far the greatest part went to India which received $19.5 million for irrigation and flood control and $31.5 million for agricultural processing industries The others were $3.5 million to Finland for forestry equipment and $0 9 million to Iceland for processing industry A noteworthy development recently has been the increasing share of non-dollar currencies in the loans granted by the International Bank, reflecting the increasing availability of capital goods in non-dollar countries The decision of the United Kingdom government to permit the use of up to £60 million of its subscription for loans may be expected to strengthen this trend

Direct aid to agriculture accounts for a rather minor part of the United States Export Import Bank loans and so far has been limited to the import of agricultural machinery The whole of the authorization of $18 million for agricultural development in the second period went to Brazil (Table 13)

The amounts specified in the two preceding tables are authorizations for loans, and actual disbursements run somewhat lower In 1952 they amounted to $704 million against authorizations in the same period of $889 million pro rata, disbursements for agricultural development may have been of the order of $70 million.

In addition, fairly large investments from public funds are made by metropolitan countries for economic development in their dependent territories. No recent estimates are available of

TABLE 13. U S EXPORT IMPORT BANK AUTHORIZED LOANS TO MAY 1953

ITEM	July 1951 July 1952	July 1952 May 1953	TOTAL
	Million U S dollars		
TOTAL loans authorized	543 1	529 4	1 072 5
Directly aiding agriculture	7 6	18 0	25 6
Indirectly aiding agriculture	87 9	37 7	125 6
Other	447 6	473 7	921.3
	Percent		
Percentage directly aiding agriculture	1 4	3 4	2 4

SOURCE: Export Import Bank, *15th Semi-Annual Report to Congress* Washington, 1953 and Press Releases.

the amounts[1] or of the proportion for agricultural development but they may be of the same order of magnitude or rather larger than the combined annual disbursements of the two banks. If this is correct the total foreign capital made available from public and private funds for all types of economic development in the under-developed countries may be tentatively estimated as in the neighborhood of $1,500 million annually.[2]

This may be compared with an estimate of about $10 000 million as the annual investment required to raise the per caput national income of the under-developed regions by 2 percent. The aggregate national income of these regions may be of the order of magnitude of $100 000 million and at an annual savings rate of say 5 percent domestic investment would cover half this requirement leaving some $5 000 million to come from abroad. The margin of error in all these estimates must be large but they indicate a requirement of foreign capital far beyond anything which has been forthcoming in the last few years or which can be foreseen in the near future.

For agriculture the deficit is probably proportionately greater. The total investment needs of agriculture in the under-developed areas have been estimated as of the order of $4 000 million[3] or 40 percent of the total investment. The percentage of domestic investment in agriculture is unlikely to be higher than this and it appears from the earlier paragraphs that the proportion of foreign investment is considerably lower.

A larger flow of investment funds from abroad may be possible. The resources of the International Bank might be drawn upon to a greater extent for well conceived schemes of agricultural development. A proposal for a Special United Nations Fund for Economic Development[4] has been under consideration by the Economic and Social Council and by the General Assembly and in those discussions projects to increase food production have been singled out for priority. Other sources may also be found. But on the whole the inescapable conclusion appears to be that much the greater part of the investment funds needed for agricultural expansion in the less developed areas must come from their domestic resources.

THE ECONOMIC OUTLOOK FOR 1953 AND 1954

No major changes in the economic situation are anticipated for the rest of 1953. In the United States gross national product will reach a record level. Planned expenditures by private business for new plant and equipment in 1953 are about 5 percent above those in 1952. Some defense industries have begun to show declines while some non-defense industries are showing increases after curtailing expenditures during the defense build up. Consumers expenditures are likely to increase with rising incomes and particularly if the rate of savings should recede closer to prewar levels. Every major industry expects greater sales in 1953 than in 1952. In Canada estimated gross national product in 1953 will increase by 4 percent over that in 1952 with public and private investment constituting 23 percent of the gross national product. With high employment rising income and reduced income taxes it is anticipated that consumer expenditures will also increase substantially.

In Western Europe the level of industrial production in 1953 is unlikely to be very different from that of 1952, declines in a number of countries being offset by a small increase in the United Kingdom and a somewhat bigger increase in Western Germany. Industrial production in 1952 was largely affected by the recession in the consumer goods industries mainly textiles. These industries recovered in early 1953 but at the same time a downward tendency has appeared in engineering industries and there are signs that this is beginning to affect output in the basic industries. The stagnation or decline in activity does not yet appear to have reduced total consumption. Western European countries are finding increasing difficulties in overseas markets for exporting man

[1] The Bank for International Settlements estimates that capital amounting to as much as $3 000 million was made available by Western Europe to overseas countries in the five year period 1948 1952 (*23rd Annual Report* Basel, June 1953 p 42)

[2] No account has been taken of United States and international grants and aid, since it is rather difficult to allocate specific sums to investment and still more difficult to agricultural investment. However it should be kept in mind that Western Europe — the main recipient of United States grants and aid — is not included in the estimates throughout the text. The greater part of such grants and aid going to under-developed countries in 1952 was for military purposes and the share of capital goods shipped under MSA is relatively small. Under the Far East program, e.g. for the period 1 July 1951 to 31 December 1952, out of a total of $ 203.6 million of paid shipments $ 5.2 million was for machinery and motor vehicles.

[3] UNITED NATIONS, *Measures for the Economic Development of Underdeveloped Countries* New York, May 1951 p. 79

[4] UNITED NATIONS, *Report on Special United Nations Fund for Economic Development* (E/1381) March 1953.

ufactures. However, the downward trend in exports has so far been outweighed by a decline in the value of imports, and the balances of payments of Western European countries are therefore likely to be at least as favorable in 1953 as in 1952, both in total and with the dollar area.

In the under-developed countries the economic outlook is largely dependent on the level of exports and foreign earnings and investment. Current national plans and programs call for an increase in both industrial and agricultural production but to a large extent foreign earnings accumulated between June 1950 and December 1951 have now been used up. The coffee, cocoa and petroleum exporting countries should continue to benefit from a sustained demand for their products, especially in the United States. Other countries may gain from a continued revival of the demand for hides, wool, jute and cotton. Foreign investment, however, still continues to be inadequate in relation to development programs desired by these countries.

The level of world trade is of course heavily influenced by economic conditions in the United States. For 1953 it is anticipated that the volume of United States merchandise imports may continue somewhat above 1952 but exports may decline because of the reduced need for United States coal and wheat and of continuing restrictions of dollar imports in soft currency countries. This likely development, combined with an expected higher United States outlay for military expenditures abroad, should partly compensate for the declining non-military aid and "foreign countries should be able to raise their gold and dollar assets in 1953 although probably at a slower rate.[1]

Before discussing possible developments in 1954 it is necessary to point out some of the economic uncertainties. In the immediate postwar period and again during the Korean boom years the main concern in regard to agricultural products was that demand would outstrip supply because of the rapid expansion of industrial employment and consumer incomes, thereby causing price increases and inflationary pressures. Today the question is whether economic expansion and the consequent increase in income and demand in developed areas will be adequate to absorb the increasing supply of some agricultural products at prices sufficiently satisfying to producers to maintain increased production. Up to now large stocks of foodstuffs have accumulated only in the dollar area, including the dollar Caribbean countries, and the main fall in food prices has also occurred in this area. Outside the dollar area there have been sharp falls in the prices of agricultural raw materials from the high levels of 1951. There have also been accumulations of stocks or restrictions on production of raw materials and beverages such as jute, cotton, rubber and tea. But apart from temporary difficulties in marketing Near Eastern grain exports, there have been no major developments of this kind in the case of food. These facts seem to give a pointer to future courses of action.

Generally speaking, less favorable factors are specially the following. In 1952 and 1953 there has been a general decline in the rate of expansion of industrial production, especially in the more developed countries compared with 1950/51 except in North America. Doubt has been expressed about the continuation of the rate of investment set during the past two years, especially with a prospective reduction in investment for armament production. Under-developed countries do not have the resources in terms of foreign exhange that were available during the past two years. As the drive towards self-sufficiency in agriculture and industrialization gains momentum, there may be a short-run tendency towards a reduction in foreign trade. In the United States there is, however, some concern as to whether a continued record industrial output would be fully absorbed and whether the current level of prosperity will be continued through 1954: agricultural stocks in substantial volumes are accumulating in the hands of the government. Prices of farm products on free markets have shown weakness during the current period of record high economic activity. Many possible changes in the political climate may have economic consequences which are beyond the scope of this report.

The United States constitutes for many countries an appreciable part of the market for their total exports and is of special importance because many of their requirements can only be obtained from dollar sources. Any change in United States imports has, therefore, a marked effect on their economic position. In turn, the most important single factor determining the volume and value of imports into the United States is the level of industrial activity. Some slowing

[1] U. S. DEPARTMENT OF COMMERCE, *Survey of Current Business*, March 1953, p. 12.

During the postwar period changes in the level of United States industrial production have been closely reflected in the current volume and value of imports, quarter by quarter. On the average, the volume of total imports and of agricultural imports

down in the rate of expansion in the United States even at a high level of economic activity would have considerable impact on many countries including Western Europe whose dollar earnings would be reduced and whose exports to other countries would be affected by their reduced import earnings

Large and increasing expenditures on rearmament and investment for rearmament in the expansion of the United States economy in recent years has meant that there has been little danger except in limited sectors, of production outrunning demand During 1952/53 expenditure for national security remained fairly stable but it is likely to ease off in 1953/54 and 1954/55 It seems unlikely however for some time to come that there will be any great fall in the present rate of expenditure A large amount of past appropriations are still outstanding, but changes in the United States defense policy might reduce expenditures below the previously anticipated rate and such expenditures will be more largely devoted to weapons and will be accompanied by less private and public investment in expanding plant to produce them

The crucial question which would arise is whether other form of public expenditure together with private expenditure for consumption or investment, would rise fast enough to fill the gap If they should increase sufficiently to sustain something like the recent rate of growth of the United States economy a continuing gradual expansion of United States demand and imports may be expected. If they did not, which would mean a pause in the rate of economic growth or even a recession as in 1949 past experience suggests that this would be accompanied by a sharp decline in United States imports which would have serious repercussions on the economies of many other countries

Some factors suggest that it will be difficult to maintain the recent rate of growth. While private expenditure on durable goods might continue to increase there is no longer the large backlog of demand of the immediate postwar years Much recent buying of consumers durable goods has been financed by credit which might soon reach an economically sound limit in relation to current income In spite of increasing sales of new cars the recent high level of automobile production seems to be outrunning consumers' demand with stocks accumulating and prices declining for used cars in dealers hands A slower rate of family formation is now expected as a result of the low birth rates during the early thirties, which may weaken the demand for new residential building and household goods Any marked increase in inventories is unlikely so long as price levels continue stable or decline Although current intentions for expenditure on new industrial plants and equipment are higher than in 1952 they could be quickly curtailed if a halt in the expansion of demand began to appear and export markets narrow as the United States government reduces its external aid programs

On the other side there is the high volume of liquid savings in the hands of American consumers and recent savings rates have been exceptionally high. Furthermore any tax relief in the United States would increase personal disposable income and might lead to increased private expenditure Interest rates were increased sharply during the first half of 1953 but could be eased again if the rate of investment showed signs of slackening There is a considerable backlog of non-defense public works which could be put in hand and other measures are available to the government for stimulating economic activity

Although emphasis has been put on economic developments in the United States it is important to note that non-dollar trade constitutes approximately 70 percent of world trade Western European trade alone makes up 40 percent o world exports and imports Its share of world exports has increased since 1948, but its proportion of total world imports decreased although the value of imports rose substantially The decline of United States aid funds and perhaps reduced military expenditures abroad may have some effect on levels of European economic activities But to the extent that the non-dollar area may continue to maintain a high level of economic activity and trade the effect of any weakening of economic conditions in the dollar area would be reduced

In view of all the uncertainties especially the unpredictable political developments no attempt is made in this report to forecast the likely economic trend in 1954 This will clearly depend largely on economic developments in the United States, the course of world political events and other factors But these conditions will largely influence the future demand for agricultural products particularly agricultural raw material both in the United States and indirectly in many other countries.

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has changed by about the same percentage as has the industrial production, but owing to concurrent changes in price levels, the *value* of total imports has changed by about 2 1/2 times as much

Chapter III

REGIONAL REVIEW AND OUTLOOK

Chapter III - REGIONAL REVIEW AND OUTLOOK

EUROPE[1]

Agricultural Production

The signs of a renewed expansion of economic progress in North Western and Mediterranean Europe during the first half of 1953 after the lull in 1952 the improved balance of trade and the general trend of prices have been discussed in the previous chapter where the situation in Eastern Europe was also briefly noted. On the agricultural side production in North Western Europe has continued to increase by about 2 percent annually since 1950/51 and this rate of increase was maintained in 1952/53 Production has kept pace with the increase of population since 1934-38 (Table 14) and considerably exceeded it in the United Kingdom. This result has been obtained with lower imports of animal feeding stuffs and the index of production net of imported feeds exceeds the index of gross production by about 5 percent. *In 1952/53 the* production of cereals and sugar exceeded the average of the four previous years but the production of potatoes was lower and the weather was not generally favorable for pasture and green fodder Even with an excellent harvest the production of bread grains in France and most other continental countries barely equalled and in a few cases exceeded the prewar average but except in France the output of coarse grains was generally greater than before the war Cattle and especially pig numbers continue to increase and the expansion

TABLE 14. — INDEX NUMBERS OF THE VOLUME OF EUROPEAN AGRICULTURAL PRODUCTION (Net of Imported Feeding Stuffs) AND OF POPULATION

REGION	Production			POPULATION
	1948/49 to 1950/51	1951/52	1952/53 (provisional)	End 1952
	1934-38 = 100			
North Western Europe	107	114	116	112
Mediterranean Europe	98	113	108	112
Whole region	97	107	107	108
Excl. Eastern Europe	104	114	113	112

of livestock production has tended to exceed that of crops except in the United Kingdom (Table 15)

In Mediterranean Europe the expansion of production has been slower and has not kept pace with population. Most progress has been achieved in the special products of the region such as fruit vegetables wine and industrial crops most of which are largely grown for export. A decline in the cereal area has not been compensated by higher yields and coarse grain production in particular is considerably less than before the war Livestock production as a whole is not yet at the prewar level but is approaching it for milk and eggs. The 1952 harvest though lower than in 1951 was generally satisfactory except in Yugoslavia where for the third time since 1946 there was a serious crop failure Spain shows signs of a more permanent recovery After many years of stagnation at a low level of production, it has recently been producing grain and potatoes above its immediate requirements and the output of sugar rice and cotton has exceeded previous records. A larger production of rice and sugar has also been a feature of Italian agriculture in recent years

In Eastern Europe the recovery of agricultural production has been a slow process owing to the

[1] For the purpose of this report Europe has been subdivided as follows

North Western Europe includes

(i) Western Europe Belgium, France Ireland, Luxembourg Netherlands, Switzerland, United Kingdom.

(ii) Northern Europe Denmark, Finland, Iceland, Norway Sweden

(iii) Central Europe Austria Western Germany

Mediterranean and Southern Europe: Greece Italy Portugal Spain, Yugoslavia.

Eastern Europe Bulgaria, Czechoslovakia, Eastern Germany Hungary Poland, Romania.

TABLE 15. — EUROPE: INDEX NUMBERS OF PRODUCTION OF MAJOR CROPS AND LIVESTOCK PRODUCTS

Region	Breadgrains		Coarse grains		Raw Sugar		Potatoes		Meat		Milk		Eggs	
	1948-51	1952	1948-51	1952	1948-51	1952	1948-51	1952	1948-51	1952	1948-51	1952	1948-51	1952
	1934-38 = 100													
France	93	99	86	89	117	113	83	69	114	122	104	113	126	[illegible]
United Kingdom	141	132	173	174	130	131	196	147	87	106	121	123	111	118
Other W Europe	95	97	113	123	146	145	112	100	91	109	102	113	107	120
Northern Europe	92	94	100	114	127	122	128	137	100	115	99	101	11	124
Central Europe	95	109	84	99	125	141	117	118	80	105	89	104	80	112
Southern Europe	87	99	77	70	140	163	80	93	80	83	92	99	91	98

exceptionally severe destruction during the war revolutionary changes in the agricultural structure and the heavy emphasis on industrialization. The share of total investment allocated to agriculture has been small, and agriculture's share in the national income of all countries is much lower than before the war. By 1952 however all countries in the region except Poland were at, or only slightly below the prewar level of agricultural production and for the region as a whole production may be tentatively estimated at about 5 to 10 percent less than before the war. However the population is also some 5 percent less than before the war. In general the pattern of production has not greatly changed though there has been some increase in industrial crops. In 1952 crop production was not satisfactory except in Bulgaria. Hungary and parts of Romania suffered from frost and drought while in Czechoslovakia where sugar is an important export the yield of sugar beets was one-third less than was expected. Industrialization has led to an increased demand for livestock products and all countries in this region except Poland have increased their livestock numbers. In Eastern Germany in particular the splitting up of large estates has contributed to this development each of the small farms keeps pigs and total numbers in December 1952 were almost 45 percent greater than in 1938. Livestock numbers in the region have repeatedly risen above the fodder supply and largely on this account productivity per animal has been reduced and the output of livestock products has increased less than the animal population.

The increase of agricultural production in North Western and Mediterranean Europe has been accompanied by a loss of 2 to 3 percent of its farm land. Output per hectare has increased by 16 to 17 percent since 1934-38. In North Western Europe this results partly from an increase of about 15 percent in the yield of arable crops (Table 16) closely connected with an increase of 50 percent in the use of fertilizers and the wider use of improved varieties, and partly from the better utilization of grassland and better livestock manage-

TABLE 16. — EUROPE: YIELD PER HECTARE OF VARIOUS CROPS 1948-52 AS PERCENT OF 1934-38

Crop	Western	Northern	Central	Mediterranean	All regions
	1934-38 = 100				
Wheat	119	86	117	90	107
Rye	104	111	117	88	104
Oats	111	100	104	98	105
Barley	120	116	111	95	114
Maize	89	—	79	83	83
Rice	—	—	—	83	83
Potatoes	117	106	124	94	116
Sugar (raw)	10?	97	96	88	96
Average 8 crops (wheat equivalent)	115	109	121	94	107

The averages reflect not only the changes in the yield of the respective crops but also the shift in the relative importance of the crops [illegible] the total area, e g the substitution of potatoes and barley for oats and rye (which give less calories per hectare) and the extension of the sugar beet area. To some extent the change in the cropping pattern has been facilitated by the reduction in the feed requirements for horses

ment. Thus milk yields per cow show a gradual upward trend in most countries and in the Netherlands Belgium and Denmark they exceed 3 000 kg. per cow per year (Figure 8) Although fertilizer applications have increased at about the same rate in the Mediterranean area they are still very low and their effect did not offset adverse factors, including drought Yields of arable crops have been somewhat lower than before the war

Rapid mechanization has also contributed to the increased productivity of agriculture in North Western Europe by permitting more timely cultivation. It has been accompanied by a marked decline in the number of horses in some countries, notably the United Kingdom and Sweden, and also by a reduction in the number of hired workers. Mechanization is still on a relatively small scale in Mediterranean Europe where capital investment in agriculture is lower and rural manpower in excess of real requirements (Table 17)

Consumption

There were no major changes in food consumption levels in North Western or Mediterranean Europe in 1952/53 In North Western Europe food prices tended to rise during 1952 but the rise levelled out in 1953 and in some countries prices at least of meat tended to decline Where food subsidies were reduced, as in the United Kingdom and Ireland retail prices increased correspondingly but with relatively little effect on consumption Thus an increase of 8 percent in the price of milk in the United Kingdom was followed by only a slight fall in consumption. Meat consumption in the United Kingdom increased in 1952 mainly owing to larger home production now covering 65 percent of consumption, but the consumption of cheese and butter fell because of import restrictions

The traditionally low level of consumption in Mediterranean Europe has changed very little In Spain, however the two good crops of 1951 and 1952 have led to some improvement in the quantity of food consumed In Italy a larger per caput consumption of milk and sugar suggests some increased consumption of the more expensive foods though this does not appear to have extended to meat and eggs Larger imports of grain did not fully compensate the crop failure in Yugoslavia flour extraction rates for wheat and rye had to be increased to 90 percent and food prices including the state controlled price of bread increased considerably Elsewhere in Mediterranean Europe the cost of food has remained remarkably stable since 1951 after years of rising food prices.

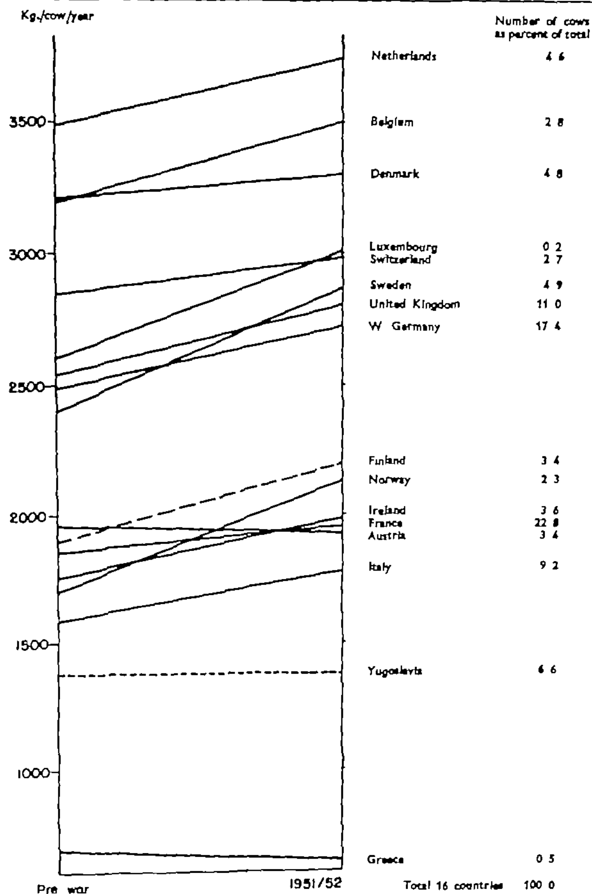
An appraisal of food consumption levels in Eastern Europe is more difficult The area is producing nearly as much food per head of the population as before the war and in countries which were formerly exporters of food and where prewar consumption levels were low per caput consumption is likely to have increased. In Hungary however the crop failure of 1952 brought about a bread shortage It is in the more industrialized countries of Eastern Germany and Czechoslovakia which had fairly high consumption levels before the war that food difficulties have been greatest

TABLE 17 — CHANGES IN THE NUMBERS OF HORSES, TRACTORS AND HIRED WORKERS IN CERTAIN EUROPEAN COUNTRIES

COUNTRY	Horses			Tractors			Hired workers
	Prewar	1950	1952	Prewar	1950	1952	Approximate rate of decline 1950-1952
	Thousand			*Thousand*			*Percent*
Belgium	245	267	223	1	11	16	
Denmark	594	502	423	4	18	34	
France	69*	2 397	2 333	30	128	34	4–5
Germany Western	1 566	1 570	1 360	35	139	188	
Netherlands	322	255	241	15	23	202	8–9
Sweden	1 633	440	386	18	66	31	
Switzerland	140	134	131	8	18	6	7–0
United Kingdom	1 084	549	414	55	348	123	3
						387	
TOTAL (8 countries)	7 776	6 114	5 511	166	763	93	

Source UEEC and National Statistics
Permanent workers There may have been compensating increase in seasonal employment
Not available

FIGURE 8 - MILK YIELDS PER COW IN SELECTED EUROPEAN COUNTRIES



Trade

The generally good harvest of 1952/53 reduced the import requirements of North Western and Mediterranean Europe except Yugoslavia Import restrictions due to balance of payments difficulties especially by the United Kingdom and in some cases the running down of stocks accumulated earlier also contributed to the reduction Prices of imported food, except for coffee, rice and United Kingdom meat imports tended to decline so that the cost of food imports fell by more than their volume The United Kingdom was an exception the volume of its imports declining by 11 percent and their value by only 6 percent With larger non-dollar supplies of grain, as well as an increased domestic production, cereal imports from the dollar area declined but there was no marked decline in total dollar imports. Thus the percentage of imports of food feeding stuffs and tobacco from the dollar area into the United Kingdom and Western Germany the two largest importers, fell by 5 percent from 1951 to 20 percent and 26 percent respectively

The recovery of European food exports was checked in 1952 by import restrictions though there was no very large decline Exports of butter from Denmark fell but otherwise exports of livestock products were maintained and at somewhat higher prices. British import restrictions led to smaller imports of fruit and vegetables but thanks to larger imports into Western Germany the total volume of trade was not greatly reduced Exports of tobacco from Greece and of rice from Italy Spain and Portugal showed a considerable increase over 1951

In 1949-51 about 6 percent of the bread grains and 12 percent of the coarse grains imported into North Western (excluding Finland) and Southern Europe came from Eastern Europe and U.S.S.R This compares with 23 percent and 18 percent respectively before the war if allowance is made for shipments from Eastern to Western Germany In 1952/53 the proportion declined further United Kingdom imports of grain from the Soviet Union fell to 200 thousand tons compared with one million tons the year before Sweden obtained only a few thousand tons of maize compared with 100 thousand tons of wheat in 1951/52. Finland is the only country which has imported increasing supplies from Eastern Europe and the U S S R its imports rising from 315 thousand tons in 1951 to 513 thousand tons in 19[…] 1953 its whole cereal import of 400 to 50[…] sand tons is expected to come from these […] Appreciable shipments of wheat from the U[…] also went to Egypt India and Pakistan i[…] and 1953 and in addition Eastern Europe […] ed 110 thousand tons of sugar to Egypt in […]

The OEEC price index for imported food fell from 101.9 in the second quarter of 1952 to 93.7 in the last quarter of 1952.

Fisheries

Provisional figures indicate slightly […] landings in 1952 in most of the main Eu[…] fishing countries except the United K[…] where they increased by about 4 percent t[…] thousand metric tons As a result of the […] tion of the North Sea stocks of demers[…] the preponderance of cod and also of herr[…] the European markets has increased Mo[…] the Arctic and Atlantic cod is often of poor […] because of the long distances over which […] been transported. Marketing difficulties […] therefore arisen, particularly where the in[…] availability of alternative foods has […] consumers more discriminating and where […] restrictions have limited the markets for fi[…] products. Attempts are being made to m[…] and increase demand by better quality an[…] attractive products especially in Denma[…] Norway and by sales promotion cam[…] In addition the Over fishing Convention […] was finally ratified early in 1953 and a Per[…] Commission has been appointed to c[…] measures for the conservation and b[…] up of stocks in nearer waters especially […] more popular varieties.

The continuing rise in production co[…] gether with uncertainties about both mark[…] fisheries resources have seriously delayed […] placement of obsolescent craft a proble[…] being considered by several governments […] ing those of France the Netherlands a[…] United Kingdom.

Forest Products

The lower demand in 1952 affected the […] industries of Europe more severely than […] of other regions. In particular the N[…] exporting countries experienced great diffi[…] and had to curtail production from the […] record level of 1951 Because of the […] demand for finished products there was a […] sponding fall in demand for roundwood […] sawlogs and pulpwood Coal mines wh[…] late 1951 had difficulty in obtaining p[…]

were therefore able to increase their purchases in 1952 Imports of pitprops rose sharply (Table 18) especially into the United Kingdom and stocks at the coal mines rose to a postwar record level at the end of 1952 (Table 19) Earlier supply difficulties however forced mines to economize in their use of pitprops. This trend has contin ued and resulted in a lower consumption in spite of an increase in coal production. The supply outlook for 1953 and 1954 is generally satisfactory

TABLE 18 — EUROPEAN TRADE IN PITPROPS AND PULPWOOD

Item	Pitprops		Pulpwood	
	1951	1952	1951	1952
	Thousand cubic metres			
Total imports	2 490	4 919	5 441	5 052
of which from overseas	262	1 128	689	767
Total exports	2 607	4 000	4 275	3 501
of which to overseas	184	282	17	66

The situation for pulpwood was somewhat dif ferent. Most pulpwood industries made large purchases in 1951 when prices were rising With the market for pulp products falling, and new supplies of pulpwood arriving, stocks of pulpwood at the mills already rather high at the end of 1951 continued to increase. Imports of pulpwood fell though only to a slight extent

In respect to sawnwood the common resistance of the importing countries to the high prices which developed in 1951 almost brought the market to a standstill in the first half of 1952. This falling trend continued throughout 1952 and stabilization of demand became noticeable only at the beginning of 1953 Thus United Kingdom pur chases in the autumn of 1952 for 1953 delivery led to a slight rise in prices which continued into the new year

The reaction of the European pulp and paper market to the post Korean rise in prices was even sharper When in 1951 prices rose to between two and three times their former level, importing countries imposed price ceilings or other restric tions on imported pulp From the beginning of 1952 pulp prices fell sharply declining industrial production reduced the demand for paper and board and consumers chose to draw on their stocks and await events The high prices also reduced exports to the United States and other countries outside Europe In the northern exporting coun tries pulp output was restricted Buying was resumed and the fall in prices halted only in the last months of 1952 when the demand revived and consumers found it necessary to replenish stocks Scandinavian pulp production again began to increase but remained well below the peak rate Newsprint was the only notable exception to the fall in European demand for pulp products. The market thus received a severe setback in 1952 and to the uncertainty for the future has been added the difficulty of adjusting production costs to the new level of prices particularly in Finland

TABLE 19 — EUROPEAN STOCKS[1] OF SAWNWOOD AND PITPROPS (at the end of the year)

Item	1950	1951	1952
Sawn softwood (000 stds)	886	1 490	1 305
Sawn hardwood (000 cu m.)	1 197	1 220	1 316
Pitprops (000 cu. m. r)	3 900	3 740	5 375

[1] Reporting cou tries only

Outlook

There are as yet no indications of any sharp break in recent trends. Industrial and agricul tural production in Europe are unlikely to increase greatly in 1953/54 over the 1952/53 level and pri ces seem likely to remain relatively stable The downward trend of livestock prices particularly meat may continue however with increasing supplies and lower prices of imported feeding stuffs.

There have been some changes in price policies Thus the price review in the United Kingdom for 1953 puts additional emphasis on beef cattle and higher prices for potatoes and sugar beet for which acreages have been declining The marketing of eggs has been freed from control rationing and price control of cereals and feeding stuffs ends on 1 August 1953 but support prices for these products remain. Although the new prices give a considerable recoupment for rising costs some margin is left to be covered by greater efficiency Since the review the award of increased wages to farm workers is expected to raise costs by a further £12 million annually

Prices of bread grains meat and eggs in Sweden will be lower in 1953/54 and the subsidies on milk will be reduced. The present subsidy has result ed in a steady increase in production to a level which exceeds domestic requirements. Price guar antees only cover the home market and any sur

plus must be exported by the farmers co-operative organization at the best prices obtainable

With a stable demand no major changes in the pattern of production are expected Crop areas for the 1953 harvest appear to be about the same as last year Autumn sowings of wheat have increased in the United Kingdom but were somewhat lower in France Western Germany and some other countries because of unfavorable weather at seeding time There will however be more spring wheat The shift from oats to barley or mixed grain will continue and in Western Germany prices have been adjusted to hasten this shift In Spain, last winter's drought will reduce wheat production, but in Italy there may be an increase over the previous year Denmark and Spain aim at a lower area of sugar beet because of export difficulties and a reduction of 5 to 10 percent is intended in France where there is a surplus of alcohol from sugar beet

Last winter's floods in the United Kingdom and especially in the Netherlands though serious for individual farmers are not likely to have major effect on the total agricultural output of these countries.

NORTH AMERICA

General Economic Conditions

Sustained high levels of economic activity characterized the United States and Canada in 1952/1953 For the year 1952/53 industrial production in the United States was about 7 percent above that of 1951/52 civilian employment averaged over 61 8 million and unemployment was less than 2.5 percent of the total civilian labor force. Personal income surpassed $284 thousand million (annual rate) in May 1953 more than $20 thousand million higher than a year earlier Canada's industrial production also rose about 7 percent for the first nine months of 1952/53 compared with the same period a year ago Employment was 2 percent higher in March 1953 than in March 1952 and unemployment accounted for 3.3 percent of the labor force National income in 1952 was 6 percent higher than a year earlier and kept on increasing in early 1953

Rising government expenditures for goods and services amounting to 22 percent of gross national product in the United States and to 18 percent in Canada in 1952 (10 and 15 percent respectively in 1951) contributed heavily to maintaining general prosperity and this upward trend continued into 1953 although at a much reduced rate. The downward trend in expenditures on new plant and equipment at the beginning of 1952 was reversed by the end of that year and such expenditures increased through June 1953 reaching in the United States a record annual rate of $28 4 thousand million in the second quarter of 1953 Personal consumption expenditures in the United States in the first quarter of 1953 were 6 percent higher than a year earlier with those for durable goods rising more than three times as fast as for non durables. A substantial portion of these purchases however were bought on easy credit terms and the volume of outstanding consumer credit at the end of May 1953 was almost 25 percent higher than a year earlier

Contrary to past experience the expansion in the economy was not accompanied by rising general prices and farm prices even receded appreciably in both the United States and Canada Thus the higher national and personal incomes represented real increases of purchasing power

Imports increased, but total exports of the region as a whole remained fairly stable Agricultural exports declined heavily especially from the United States due to the improved supply situation abroad. While the region's export surplus was thus reduced, the value of imports in the first four months of 1953 accounted for only 72 percent of exports as against 64 percent in 1952 leaving a sizeable trade surplus which, however consisted largely of United States grants-in-aid shipments of defense materials. Although the dollar gap thus became much less burdensome discriminatory trade practices vis-à-vis the dollar countries contributed to the inability to sell dollar products freely

Agricultural Production

Agricultural production in North America during the past year was at a record level 43 percent above the prewar average and on a per caput basis 16 percent Food production total and per caput, made even greater gains (Table 20)

In the United States 1952 crops were harvested in nearly ideal weather from nearly 138 million ha. an increase over 1951 but less than in any year between 1943 and 1949 However the index of all crop production exceeded that of any other year except 1948 The total production of foodgrains 37.8 million tons has been exceeded only in 1947/48 although nearly equalled in 1948/49 About 109.5 million tons of feed grains were harvested nearly 7 percent more than in

1951 A near record tonnage of oilseeds of 14 9 million tons almost equalled the 15 0 million tons of the previous year

TABLE 20 INDEX NUMBERS OF VOLUME OF TOTAL AND PER CAPUT AGRICULTURAL AND FOOD PRODUCTION IN NORTH AMERICA, 1948-50 TO 1952/53

ITEM	1948 50	1951/52	1952/53
	1934-38 = 100		
Total agricultural production	135 6	136 4	142 7
Total food production	139 3	138 4	145 9
Population.	117 3	121 5	123 3
Per caput agricultural production	115 6	112 2	115 8
Per caput food production.	118 7	113 9	118 4
Production by Commodities			
Wheat	146 0	143 7	185 4
Maize	164 6	141 7	161 7
Beef and veal	135 2	124 7	133 8
Pigmeat	141 8	156 8	159 6
Eggs	163 9	172 9	165 1
Milk	113 1	113 6	113 4
Cotton	104 1	115 2	114 3

Note: Owing to recent changes in the method of constructing the FAO production indices, the data are not comparable to those published in *The State of Food and Agriculture Review and Outlook 1952*

In Canada record wheat production at 18.7 million tons exceeded the previous year's by 24 percent and was more than double the postwar average. Increased production was also recorded for barley potatoes sugar beets and the oil crops. Some decrease in output occurred for fruits and vegetables

Livestock and poultry on farms and ranches in the United States increased slightly during 1952 Cattle numbers on farms were at a record high of 93 7 million. Total meat production for 1952/1953 was about 5 percent above the 1951/52 level with farm marketings of meat animals increasing especially in late 1952 and the first half of 1953 over the level of a year earlier Among meats only pork production declined below the level of 1951/52 Poultry and egg output increased moderately Milk production in 1952 at 52 7 million tons was virtually unchanged from 1951

Cattle numbers on farms in Canada as of 1 December 1952 were 16 percent higher than a year earlier but hog numbers declined about 5 percent Meat production was higher in 1952 than in 1951 Total milk output was 1.5 percent above 1951 but cheese production was down 26 5 percent mostly as a result of import restrictions in the United States and the United Kingdom

Tobacco production in the United States was about 4 percent smaller than the 1951 record crop of 1 056 thousand metric tons. Canadian production declined by about 10 percent

The 1952/53 United States cotton crop of 3 4 million tons harvested from a reduced area, exceeded the previous year's production by nearly 5 percent

Agricultural Trade

The total value of United States farm exports in 1952 fell 15 percent from the 1951 level. In the first three months of 1953 they declined to only 65 percent of the values of the same quarter a year earlier The declines in total values were caused by lower prices as well as by smaller quantities. Cotton exports in 1952/53 are estimated at about half of 1951/52 exports while grains moved well in export markets until the large crops of the Southern Hemisphere became available in early 1953 Tobacco exports were affected by the new United Kingdom import restrictions in the spring of 1952

The total volume of agricultural imports into the United States remained at a very high level during 1952 and the first quarter of 1953 Most agricultural imports with the major exception of coffee however were priced considerably lower than in 1951 and the slight increase in quantities imported was more than offset by price declines so that in 1952 total import values were down by 12 percent The restrictions on dairy imports were partly alleviated in the summer of 1952 but restrictions on other dairy items were tightened in view of possible large government losses in price support activities for these commodities.

In contrast to the United States the value of Canadian agricultural exports increased 16 percent in 1952 over 1951 due to the large grain exports. The volume of wheat exports was 35 percent higher in 1952 than in the previous year and exports of barley more than doubled. Exports of animals and animal products however declined almost 32 percent in value and 24 percent in volume as a result of the foot and mouth disease and the United States embargo on imports from Canada which was lifted early in 1953 However during the first four months of 1953 exports of agricultural products dropped by nearly 7 percent below those of a year ago

Prices and Income

Domestic demand for agricultural products in the United States during the entire year 1952/53 continued at levels above those of 1951/52 but the decline in foreign demand and increased supplies resulted in lower farm prices. Price declines were greatest for those products e g cattle and sheep which were not supported by the government and for cotton domestically supported but very much dependent on export markets. Farm prices for meat animals in 1952/53 (July May) fell about 16 percent and cotton prices by about 14 percent reaching the price support minimum by January 1953

Wheat prices by the end of the 1952/53 year dropped sharply reaching a level about 15 percent below the previous year s and in many cases, below the price support level.

The level of farm prices by June 1953 was down 11 percent from the same month a year ago Government price support activities for a number of products increased considerably in the first half of 1953 and helped stop further downward movements. The Commodity Credit Corporation was called on to supply a greatly increased volume of loans and also made outright purchases of large quantities of dairy and other products under provisions of the existing legislation. The value of commodities pledged for outstanding loans and commodities in price support inventory[1] as of 31 May 1953 totalled $3,248 million compared with $1,520 million a year ago The inventory holdings made up 59 percent of the total investment The main products affected were wheat maize tobacco and cotton.

Prices paid by farmers except farm wages also declined but much less than prices received Net farm income including inventory changes during 1952/53 was estimated at 5 percent below 1951/52.

Prices received by farmers in Canada declined by 10 percent during 1952/33 Cattle prices fell to almost one third below the 1951 level as foot and mouth disease resulted in a United States import embargo Price support measures covered beef hogs butter cheese and eggs Despite the decline in prices received by farmers prices paid rose by 5 percent during 1952 and farmers net income in 1952 fell 11 percent from the record high in 1951

Fisheries

The total 1952 catch of fish crustaceans and mollusks in the United States and Alaska was some 2,344 000 metric tons a decrease of about 2 percent in the quantity and 3 percent in the total value The decline was due primarily to the physical failure of the California pilchard fishery where the landings dropped to barely 3,500 tons compared with 150 000 tons in 1951 and 500 000 tons in 1938 Tuna fish production in North America declined somewhat The wholesale price index for all fish was slightly lower in December 1952 than a year earlier

On both the Atlantic and Pacific coasts of Canada catches were a little lower than in 1951 On the Canadian Atlantic seaboard, stimulated by price increases cod landings increased in 1952 and also the landings of plaice and flounder and halibut increased in 1952 The Canadian canneries slackened their demand for herring which was in plentiful supply and the fishermen disposed of large quantities (some 30 000 tons) to the United States canneries The average selling price in 1952 was $1.34 per 100 lb compared with $2 08 in 1951

On the Pacific side salmon landed in British Columbia in 1952 decreased to 65,200 tons compared with 89 300 tons in 1951 as a result of lower prices and two strikes The Canadian west coast herring fishery produced during 1952 84 800 tons about half the 1951 production of 163,500 tons

Forestry

The production and trade of forest products in North America depend almost entirely on the demand in the United States The economic situation of the forest industries in Canada was not quite as favorable as in the previous year with lower output a softening of prices and changes in overseas markets. Production of roundwood which in other regions showed great changes remained rather stable in North America The demand for sawnwood in the United States declined somewhat in 1951 as a result of reduced building activity but stepped up in 1952 as

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[1] Price support has been extended on the 1952 crops to the amount of $[illegible] million through 31 May 1953. This total included loans made — $2 060 million purchase agreements — $[illegible] million and non-agreement purchases — $413 million This volume is $1 674 million greater than the total of price support which had been extended on 1951 crops through 31 May 1952. The greater activity is accounted for in large part by increases of $450 million in the volume of wheat loans an increase of $[illegible] million in the volume of corn loans, and an increase of $184 million in cotton loans.

restrictions imposed on production of sugar the 1952/53 agricultural production is estimated to have fallen by 17 and 11 percent respectively below the 1951/52 levels

Food production in 1952/53 advanced 8 percent slightly less than total agricultural production as compared with the previous year's level However if Argentine and Cuban production are excluded from the total, food production in the remainder of the region expanded only 3 percent i e an improvement of not more than 1 percent in the per caput food production Despite the substantial increase in the regional production of food, production per caput in 1952/53 is slightly below the average during the three years 1948/49 to 1950/51 and still about 4 percent below the average of the five years preceding World War II However the results in 1952/53 represent a substantial improvement from the low of 1951/52 when due to the sharp drop in Argentine agricultural output Latin America's per caput food production fell to about 9 percent below the prewar level (Table 21)

Major Commodity Changes

Production of cereals during 1952/53 was about 36.5 million tons against 26 7 million in 1951/52, and about 4.5 million tons above the former peak year 1950/51 The main contribution was made by Argentina, where production of cereals rose to nearly 14 million tons against the 5 1 million during the poor crop year 1951/52

However with the major exception of Uruguay most wheat producers had better crops than last year and in many countries production was at record levels. The region produced 10 9 million metric tons, a record and more than 5 million tons over the poor 1951/52 crop Maize production was about 17 7 million tons, a postwar record nearly equalling the record of 18 million tons for the 1934-38 period Large advances in Argentina Mexico and other minor producers more than offset reduced maize crops mainly in Chile Ecuador Colombia and Costa Rica Improved Argentine crops of rye barley and oats resulted in substantial increases in regional output Compared with 1951 52 production of rye increased by 180 percent and that of barley and oats by 50 percent Rice production continued to expand as in previous years and was 5 percent above the 1951/52 total

Output of roots and tubers was up slightly as manioc production increased by 6 percent Increased area and good weather accounted for

TABLE 21 — INDEX NUMBERS OF VOLUME [illegible] TAL AND PER CAPUT AGRICULTURAL AN[illegible] PRODUCTION IN LATIN AMERICA, 194[illegible] 1952/53

ITEM	1948-50 average	1951/52
	1934-38 = [illegible]	
ALL LATIN AMERICA		
Total agricultural production	122	120
Food production	127	124
Population	131	137
Per caput agricultural production	93	88
Per caput food production	97	91
LATIN AMERICA EXCLUDING ARGENTINA		
Total agricultural production	132	139
Food production	141	140
Population	131	13[illegible]
Per caput agricultural production	101	102
Per caput food production	107	108
ALL LATIN AMERICA, Production of Major Commodities		
Cereals		
Maize	81	85
Wheat	94	57
Rice (rough)	224	233
Other cereals	118	85
Roots		
Cassava	215	208
Potatoes	166	160
Sweet potatoes	132	124
Sugar (excluding panela)	16[illegible]	201
Edible oilseeds (oil equivalent)	196	190
Other food crops		
Dry beans	140	147
Bananas	134	143
Cacao	111	100
Animal food		
Meat	110	[b]113
Milk	137	[b]137
Fibers		
Cotton (lint)	126	148
Wool (clean basis)	115	118
Hard fibers	170	[c]171
Other products		
Tobacco	144	145
Inedible oilseeds (oil equivalent)	57	44
Coffee	87	88

Note Owing to recent changes in the methods of com[illegible] ing the FAO production indices, data are not strict[illegible] parable to those published in last year's *State o[illegible] nd Agriculture Review and Outlook 1952*
[a] Not fully comparable with data published elsewhe[illegible] use of somewhat different coverage
[b] Data corresponding to calendar year 1951
[c] Data corresponding to calendar year 1951

an increase of about 5 percent in the production of pulses. In most countries production of dry beans was larger than the year before.

A reduction of 15 percent occurred in sugar production due entirely to official restrictions in Cuba and Puerto Rico. Production in most other countries increased, however, with the major exceptions of Argentina, Brazil and Paraguay, where despite increased sugar cane production, bad weather during the crushing period resulted in output being slightly lower than in the previous year.

Production of oilseeds measured in oil equivalent recovered somewhat from the setback in 1951/52, though it was still about 80 thousand tons below the 1950/51 peak of 1.2 million tons. The 4 percent increase in volume during 1952/53 over 1951/52 was entirely due to a higher production of inedible oilseeds, mainly linseed.

Although production from new plantings of coffee will materialize at a later date, the better care given to old plantations has resulted in a steady increase in output during the last three years. Total yield in 1952/53 is estimated at nearly 2 million tons, about 7 percent above the volume of last year. Most of the increase originated in a larger Brazilian crop, though most producers, particularly the Central American countries, also had better crops than in 1951/52.

Production of bananas increased 9 percent above last year when about 6.9 million tons were produced. Substantial increases occurred mainly in Brazil, Mexico and Ecuador. The gain in the latter has been impressive, production having more than doubled in two years and Ecuador is now next to Brazil among the principal Latin American producers. Production of tobacco and cacao also expanded, with gains of about 5 and 3 percent respectively above last year. Cotton output was 10 percent above the 930 000 tons (ginned) produced in 1951/52. This gain was due to a 50 percent increase in the Brazilian crop resulting from a larger planted area under the stimulus of official support price policies and higher yields per hectare than in the previous season. Among other major cotton producers, Peru had a record crop, but Mexico was affected by the severe infestations in the cotton areas. The wool clip, estimated at 180 000 tons (clean basis), remained almost unchanged from 1951/52. A slight decline in Argentina was nearly offset by gains made by other producers.

The meatless days and slaughtering controls in operation in Argentina since early 1952 are reflected in the estimated decline of 5 percent in meat production in this country. Meat output for the region was about 2 percent below the 5.5 million tons estimated for the preceding year despite the slight gains in other countries. Output of milk, however, due to a good pasturage situation and increasing milk cattle numbers, showed a renewed trend of increase after two consecutive years of stagnation originating in a setback in some of the major producing countries, e.g., Argentina and Chile.

Agricultural Trade

Reduced export supplies and a decline in foreign demand resulted in a sharp contraction of 20 percent in the volume of agricultural exports in 1952 from that of 1951, due mainly to greatly reduced exports of wheat, oilseeds and oils, sugar and meat. Maize, wool, tobacco and coffee shipments exceeded those of 1951. Agricultural imports also declined by about 6 percent, although there was an increase of about 10 percent in wheat imports.

The contraction in agricultural trade during 1952 largely reflected declines in Argentina because of substantially reduced export availabilities, in Brazil because of over pricing as compared with current world market quotations for certain commodities, and in Cuba largely as a result of the decline in foreign demand for sugar. With some exceptions, agricultural exports from other countries were generally larger than in 1951, but imports were smaller.

TABLE 22. — INDEX NUMBERS OF VOLUME OF LATIN AMERICAN AGRICULTURAL FOREIGN TRADE [1]

YEAR	Gross Exports	Gross Imports	Net Exports
	[illegible]		
1949	93	148	85
1950	99	175	87
1951	91	180	77
1952[2]	74	109	60

[1] Covering 73 agricultural commodities.
[2] Preliminary.

The demand for Latin American forest products dropped in 1952. Both intra regional and inter regional export trade declined, with Brazil being the most seriously affected exporter.

Outlook

Generally, prospects are good for expanding agricultural production during the next two

years. Grain production may be above the high level of 1952/53 though that of wheat is likely to be somewhat less, particularly during 1953/54. Some reduction may occur in the Argentine wheat output, unless, as in 1952/53, yields per hectare continue high as compared with normal years and the proportion of harvested area against sowings remains at a record level The Brazilian wheat crop will continue to show further gains if the objective of one million metric tons of wheat by 1960 is kept unchanged Mexico Chile Peru and some other countries where programs for expanding grain production are currently under way will probably continue to show further gains in output It is likely that most of the gain in cereal production will come from an increase in maize though wheat and rice may also be at higher levels than at present particularly by 1954/55

Area and production of domestic food crops such as pulses, oilseeds, fresh vegetables and potatoes may show further gains during the next two years in line with the objectives of the various official programs Official restrictions on sugar production are likely to be maintained in Cuba and Puerto Rico This will keep output during the next two years below the record level of 14.4 million tons in 1951/52 though it may show some gains above the 12 1 million tons in 1952/53 as a result of continuing expansion in other countries many of them producing solely for home consumption

Any further expansion of cotton production during the next two years over the 1 1 million tons (ginned) in 1952/53 will be largely dependent on changes that may occur in Brazil whose current share in regional output is about 50 percent Reduced world prices and difficulties in disposing of the 1952 crop may be reflected in a drop in Brazilian output of 15 to 20 percent in 1953/54. Continued expansion in other countries and the recovery expected in Mexico's crop are not likely to offset the drop in Brazil. On balance it appears that for 1953/54 production will be lower than in 1951/52 but in 1954/55 cotton output may increase again, but not exceed the peak of 1952/53 unless world demand and prices increase meanwhile.

The 1953/54 coffee crop may equal that of the previous year some increases for most producers offsetting a slight decline estimated by Brazil on its next crop The outlook is more promising for 1954/55 when the collection from new plantings may start to materialize in several countries For that year output is likely to come for the first time close to the 2 1 million tons averaged in 1934-38

The sustained decline in Argentina's meat output during the past four years is expected to come to an end in 1953 and regional output may increase This prospect is confirmed by the record level of livestock numbers estimated at the beginning of 1953 Even in Argentina where cattle numbers were reduced in recent years because of persistent drought, livestock numbers are again at a record according to the November 1952 census Increasing meat output during the next two years, especially in 1954, will also be greatly influenced by existing official programs and by generally better price relationships than those prevailing in previous years The same generally favorable conditions apply to the possible further expansion of milk and other livestock production Output of milk particularly is likely to expand more rapidly than population growth This may not be the case for meat during 1953/54, though the rate of expansion may be accelerated by 1954/55

Fisheries production over the next two years may continue to expand, though at lower rates than in recent years, unless present inadequate marketing organizations and existing transport deficiencies are improved. In many countries, low rates of productivity per fisherman will not improve unless there is some modernization However in Argentina, Brazil, Chile Mexico Peru and Venezuela, fishery industries are fairly developed and it is in these countries that prospects for sustained expansion of production are more promising

Increasing domestic demand for forest products will stimulate a further expansion in this industry Production for export may also be expanded by prospective improved balance of payments conditions in some of the importing countries The Brazilian timber production particularly will benefit from the new currency laws and the new commercial treaty with Argentina Existing plans for greater production of wood pulp using hitherto unexploited raw materials will also favor a further expansion of the forest industries

Exportable supplies of agricultural products in 1953 will be larger than in 1952 due to increased output of nearly all major commodities The export demand for coffee will likely remain strong The fulfilment of the present United Kingdom/Argentine meat agreement will require a 30 percent increase over last year's meat exports. On the other hand, Uruguayan exports will be less

Because of the new outbreak in Mexico of foot

and mouth disease announced in May 1953 the United States border re-opened late in 1952 after several years, was closed again to imports of Mexican cattle If this situation persists earlier expectations of increasing Mexican cattle exports in the near future will not materialize Argentine live animal exports, on the other hand will be continued and probably in increasing numbers

Sugar exports which fell sharply during 1952, will show little change Some of the minor exporters, however may continue to show additional gains

Food and agricultural imports may continue their trend of expansion, though a shift will occur to a significant extent in the origin of these imports Mainly because of increased Argentine production, intra regional imports will be larger over the next two years than in 1952 while those originating outside the region may be greatly reduced.

Manufacturing and other non-farm industries will continue to expand, possibly at higher rates than in 1952 Recovery in the rates of expansion of output may come from the expected further industrial expansion in certain countries such as Venezuela, Chile and several of the smaller Latin American republics A renewed acceleration in the industrial activity of countries such as Argentina, Brazil, Mexico Colombia, Uruguay and Peru, is likely to occur under the more favorable balance of payments conditions that are in prospect Present industrial capacity in Latin America is larger than ever and expanded imports of capital goods will be stimulated by reduced inter regional import requirements of food. Employment and incomes therefore may continue to expand.

Expanding industrial production will create an increasing demand for food and other agricultural products, but the market may be readily satisfied without further pressure on prices as supply prospects either from domestic production or from intra regional imports are generally good in view of the expected increases in the region s agricultural output

AFRICA [1]

During 1952/53 agricultural production both total and food showed a slight rise of about 3 percent over that of 1951/52 (Table 23) The increase was somewhat higher than the rate of population growth but per caput supplies were probably not appreciably different from those in the previous year because of the larger volume of food exports.

TABLE 23. — INDEX NUMBERS OF TOTAL AND PER CAPUT AGRICULTURAL PRODUCTION IN AFRICA 1948 50 TO 1952/53

ITEM	1948-50 average	1951/52	1952/53
	1934-38 = 100		
Total Production			
All commodities	124	134	137
Food only	123	132	135
Total Population	118	122	123
Per Caput Production			
All commodities	107	110	111
Food only	105	108	109

NOTE: Owing to recent changes in the method of constructing FAO production indices, data are not comparable to those published in *The State of Food and Agriculture: Review and Outlook* [illegible]

Production

Total grain production increased by 9 percent over the previous year s figure of 21 4 million tons (Table 24) The greater part of this increase was in French North Africa with a total harvest of more than 5 8 million tons about 1 1 million tons over the preceding season. In Algeria the grain crop was 45 percent higher and Tunisia produced over 1 million tons or close to three times as much as in 1951/52 In Morocco however in spite of a slight increase in the area sown output was 10 percent lower mainly because of a sharp reduction in barley West Africa s crop remained about the same as in 1951/1952 In South Africa output of all grains reached 3 4 million tons an increase of 20 percent chiefly due to the excellent maize crop However other cereals especially wheat were substantially lower due to unfavorable weather conditions in parts of the Union. East African production of maize and wheat increased.

Total production of oilseeds and oils estimated at 2.2 million tons (in terms of oil) was slightly higher than that of the 1951/52 season, with marked variations in output of individual crops While production of palm kernels remained unchanged palm oil increased ten percent over the previous season. The

[1] Excludes Egypt Anglo-Egyptian Sudan Eritrea, Ethiopia and Somaliland.

TABLE 24. — AGRICULTURAL PRODUCTION IN AFRICA

COMMODITY	1948-50 average	1951	1952
	Thousand metric tons		
Total Grains[1]	21 700	21 400	23 200
Millet and sorghum	8 000	8 100	8 000
Maize	5 700	5 100	6 000
Wheat	2 800	3 000	3 600
Vegetable Oilseeds and Oils (in terms of oil)	2 100	2 100	2 200
Palm oil	530	680	730
Groundnuts	620	710	710
Palm kernels	330	360	360
Olive oil	94	93	70
Cotton (ginned)	200	240	240
Coffee	230	280	280
Tea	18	21	22
Cocoa	500	460	520
Sugar	1 220	1 340	1 450

[1] Including rye barley oats and rice

excellent groundnut crop of 1951/52 was followed this season by another good harvest of about 2 4 million tons with a small increase in Nigeria and a small decrease in French West Africa. In French North Africa olive oil production fell by almost one fourth chiefly because of a decline in olive output in Morocco from the near record level of the previous year

Total production of cotton at 240 000 tons was about the same as in 1951/52 expansion in the Belgian Congo and French Equatorial Africa being offset by decreases elsewhere notably in Uganda where the area sown to cotton declined by about 10 percent

Cocoa production rose from 460 000 tons in 1951/52 to 520 000 tons in 1952/53 Climatic conditions in all the main producing areas were generally advantageous and on the Gold Coast the swollen shoot disease is gradually being brought under control. On the Ivory Coast the crop was some 10 000 tons over last year's figure of 48 000 tons However quality was less satisfactory

Production of coffee at 280 000 tons and of tea at 220 000 tons remained the same as the year before As regards coffee there was however marked change in the relative position of the different producers of the region. In the Belgian Congo French Cameroons and Madagascar production increased substantially but in French West Africa output declined by about 15 percent and in Kenya and Tanganyika production was adversely affected by unfavorable weather conditions Sugar production amounted to 1 4 million tons 10 percent over last year's crop South Africa with an all time record harvest of sugar cane accounts for most of the increase which is attributed to timely winter rains as well as to a more widespread use of improved varieties. In Mauritius however there was a slight reduction in output and unfavorable ripening conditions caused a lower sucrose content

Trade and Prices

The volume of total exports of food and agricultural raw materials in 1952 was some 5 percent higher than that of the preceding year and about equal to the postwar record level of 1950 The expansion was attributable mainly to increased shipments of oilseeds and oils as well as fibers. Exports of grains declined

Imports were slightly lower compared with 1951 but still appreciably above the 1950 volume with those of grains and livestock products being maintained at a relatively high level and those of sugar still increasing

In general export prices declined further from the high levels attained in 1950/51 The sharpest reductions in price in 1952 were recorded for palm oil and palm kernels which were respectively 54 and 73 percent of their 1951 levels with a gradual increase in the first quarter of 1953 in the case of palm kernels. Cotton and sisal prices which in the second half of 1951 remained well above the pre Korean level fell in 1952 with sisal prices decreasing to less than 70 percent of their 1951 monthly average and continuing to decrease during the first quarter of 1953 On the other hand, cocoa and coffee prices though fluctuating on the whole maintained their 1951 level. South African wool prices fell to 60 percent of their 1951 average but were rising again in the first quarter of 1953.

Prices of imports while weakening in the first half of 1952 remained nevertheless substantially above 1950 levels As a result the terms of trade in most cases were to a varying extent less favorable in 1952 than in 1951

Fisheries

Total fish production increased slightly over 1951 In French Morocco the sardine catch declined slightly and in Angola output has not in

creased appreciably over the past two years. On the other hand, the pilchard fisheries of the Union of South Africa and South West Africa continue their rapid postwar expansion: total output for 1952/53 is estimated at 650,000 tons compared with some 500 000 in the previous year. The South African output of fresh and chilled products for home consumption is slowly increasing and substantial surpluses of canned pilchards and fish meal and oils are becoming available for export. Export of frozen and smoked fish to Australia and a few other countries has been facing difficulties as a result of restrictions in the Australian market.

Forestry

The falling market in 1952 for forest products was particularly severe in the region. African (notably Nigerian) exports of hardwood declined sharply as the United Kingdom, the largest single customer, reduced its purchases by over 45 percent from the level of 1951.

Trade in sawn softwood also dropped noticeably. In the Union of South Africa, because of currency restrictions which affected practically all sources of supply and of falling prices and uncertain markets, total imports of sawn softwood fell by some 35 percent from their 1951 level. The government is trying to raise the domestic production of sawnwood of which it is estimated that over 33 million cu. ft. of sawlogs were processed in 1951/52. In French North Africa import demand seems to have remained more stable than in other parts of Africa: the relatively smaller fall in imports in 1952 appears to have been due chiefly to the continuance of rather high economic and building activities in these countries. The African market of wood pulp and pulp products also showed a marked decline in 1952. Imports of these products fell considerably even in the case of newsprint.

Outlook

In Africa as a whole, production of food and agricultural raw materials may slightly exceed that of last year. Weather conditions were on the whole favorable except in French North Africa, where drought upset earlier hopes for a record production of wheat and barley. Late rains, however, have eased the situation and an average crop is expected. In East Africa, mainly in Kenya and Tanganyika, the rains arrived too late and in insufficient quantities to avert serious food shortages, whereas in Southern Rhodesia and Portuguese East Africa heavy rains have caused floods and delayed farming operations in some areas.

The average grain crop in North Africa will be offset by an excellent maize crop, especially in South Africa with an estimated 50 percent increase in volume and in Northern Nigeria. Nigeria's groundnut production is expected to equal last year's record crop, that of Southern Rhodesia may be some 50 percent higher. A slight increase is also anticipated in French West Africa, especially in Senegal. Sugar production may show an increase in Mauritius and in South Africa and exceptionally large cane crops should make it possible to resume overseas exports. Livestock conditions throughout the region are encouraging because of adequate grazing conditions and a good maize crop.

THE NEAR EAST [1]

Current Situation

The steady expansion in Near East food and agricultural production over the past three years was accentuated during 1952/53. Total production reached record levels and, on a per caput basis, regained and exceeded the prewar average by an appreciable margin for the first time since the end of the war. Although expansion of production tended to be concentrated in the food surplus rather than the deficit countries, the latter were, on the whole, able to improve or at least maintain their over-all supply position because of the continuance of large-scale imports. Conditions of widespread severe food scarcity, which had been a recurrent feature of the immediate postwar years, did not arise. Such shortages as did develop in Tripolitania and Cyrenaica in 1952 were met by emergency imports.

In the achievement of the high production levels in 1952/53, favorable weather conditions were an important factor, but the expansion of production also reflects the effects of long range programs and measures for food and agricultural improvement, which have been in operation in a number of countries of the region during the last few years. In several instances, a promising start has been

[1] This term is taken to include the countries from Turkey in the North to Ethiopia and the Somalilands in the South, from Libya in the West to Afghanistan in the East.

made to overcome the traditional obstacles to agricultural development by such measures as the introduction of a land reform program in Egypt, improvement of tenure conditions in Iraq and distribution of state domains in Syria. Training programs have been speeded up and there is at present a growing influx of technical and administrative skills as students from the Near East complete their training abroad and as the work of technical assistance experts begins to take effect. However as development activities in the Near East are intensified disparities in available investment resources, notably between the oil producing areas and some other countries of the region, are becoming more marked and the absence of adequate funds in the latter may appreciably hamper their future economic growth.

General Economic Conditions

As the post Korean boom receded further in early 1952, the incentive to greater economic activity provided by higher export prices which had generated a strong internal demand for both domestic and imported goods, tended to disappear. Repercussions were most noticeable in countries whose chief exports registered the greatest price fluctuations such as cotton in Egypt and the Sudan and in others like Lebanon whose economy is particularly sensitive to changes in world economic conditions. During 1952 several other countries experienced trade deficits which had to be financed from the high export earnings of the preceding year and from foreign exchange reserves. On the other hand oil producing areas with the exception of Iran, continued through 1952 to add to their holdings of foreign exchange.

Within the Near East the pressures on prices stemming from international trends were largely offset by the favorable development in the food supply position of most countries in the region. Price fluctuations were within a relatively narrow range and, with few exceptions, the over all picture of cost-of living movements remained one of relative stability for the region as a whole. At the end of 1952 and early in 1953 cost-of living indices were generally at or slightly below the level of 1951 the main exceptions being the Anglo-Egyptian Sudan, and Israel where the chief problem continued to be the absorption of mass immigration and the development of industries and exports to enable the country to pay its own way.

Agricultural Production

In 1952/53 total food and agricultural production in the Near East exceeded the prewar average by about one-third (Table 25). Much of the expansion was attributable to the substantial advances made in Turkey and to a lesser extent in Syria and Iraq. In the major food deficit countries like Egypt and Lebanon progress was much slower and production failed to recover its prewar per caput level. However a notable expansion both in total and per caput production took place in Iran.

TABLE 25. — INDEX NUMBERS OF TOTAL AND PER CAPUT AGRICULTURAL PRODUCTION IN THE NEAR EAST 1948-50 TO 1952/53

ITEM	1948-50 average	1949/50	1950/51	1951/52	1952/53
	1934-38 = 100				
Total Production					
All commodities	113	111	120	125	134
Food only	115	110	119	124	133
Population	118	118	121	122	124
Per Caput Production					
All commodities	97	94	98	103	108
Food only	97	93	99	102	10⁻
Near East excl. Turkey					
Total Production					
All commodities	116	114	121	122	12?
Food only	118	115	121	122	120
Population	118	118	120	122	123
Per Caput Production					
All commodities	98	97	101	100	103
Food only	100	98	101	101	103

Note: Owing to recent changes in the method of constructing the FAO production indices, the data are not comparable to those published in *The State of Food and Agriculture: Review and Outlook 1953*.

Grain output rose to 29.3 million tons an increase of almost one-fourth over average production in the years 1948-50 and 2.7 million tons higher than in 1951 (Table 26). Wheat and barley accounted for 80 to 90 percent of this increase with Turkey, Syria and Iraq showing the largest gains. Among the grain deficit countries Iran and Israel were the only ones to show appreciable progress output remaining at or below the average postwar level in Lebanon and Egypt. In the latter country production of wheat de-

clined in spite of price subsidies and minimum acreage allocations. Owing to the insufficient flow of the Nile for the second year in succession, output of rice failed to recover.

Despite the fall in world market prices and the accumulation of sizeable stocks in some of the major producing countries of the Near East, production of cotton continued to expand during 1952. Owing to exceptionally favorable weather conditions, Egypt, Sudan and Turkey harvested record crops. In these countries, however, expansion in area was checked in view of the uncertainty of future market prospects. In other countries production remained unchanged, except in Syria and Iraq where a decline started.

TABLE 26. — AGRICULTURAL PRODUCTION IN THE NEAR EAST

COMMODITY	1949	1950	1951	1952
	Thousand metric tons			
Total grains[1]	22 000	24 400	26 500	29 300
Wheat	9 100	10 600	12 100	13 700
Barley	4 600	5 100	5 500	6 400
Maize	2 300	2 200	2 600	2 600
Rice	2 300	2 500	1 800	1 900
Pulses	1 200	1 100	1 200	1 200
Sugar	360	420	500	470
Citrus fruits	640	870	920	930
Vegetable oilseeds and oils (in terms of oil)	460	510	500	590
Cotton (ginned)	600	680	690	790
Tobacco	123	125	190	130

[1]Including rye, oats, millets and sorghums.

Among other crops, output of citrus fruits, tobacco and potatoes increased and there was a notable expansion in production of oilseeds and oil due to good harvests of sesame in Syria and the Sudan and a satisfactory olive crop in Turkey. Output of sugar was somewhat lower than in 1951, that of pulses remained unchanged. Output of livestock products, meat, milk and wool, continued to expand slowly at a somewhat more rapid rate than in previous years. Fish landings are believed to have remained at the same level as in 1951. In Turkey as well as in several other countries attention is being given to the mechanization of fishing craft and better utilization and marketing of the catch. Pond fish culture in Israel and fresh water fisheries in Iraq are being developed.

Food and Agricultural Trade

There was little change during 1952 in the volume of total Near East trade (imports plus exports) in food and agricultural commodities, the rise in exports being offset by a somewhat smaller volume of imports. Net exports, though substantially higher than in the immediate postwar years, remained well below the prewar average.

A notable shift occurred in the composition of the region's exports following the expansion in grain output (Table 27). Barley exports were higher than in previous years. Wheat imports into the grain deficit countries showed only a moderate decrease from 1.7 million tons in 1951 to 1.4 million tons in 1952. Exports from the surplus countries reached some 600 000 tons compared with negligible quantities in the previous year. As a result, the Near East was reverting to its prewar position as a net grain exporter and, while the shift was not yet completed during 1952, mainly because of the virtual disappearance of rice exports from Egypt, the balance of unshipped supplies from Turkey, together with such surpluses as will emerge from the current harvest, will largely suffice to transform the region into a substantial grain exporter during 1953.

TABLE 27. — NET TRADE OF NEAR EAST IN PRINCIPAL FOOD AND AGRICULTURAL PRODUCTS[1]

COMMODITY	1949	1950	1951	1952[2]
	Thousand metric tons			
Total grains[3]	390	470	960	260
Wheat	1 040	930	1 740	950
Barley	– 420	– 550	– 480	– 620
Maize	170	180	20	—
Rice	– 320	– 120	– 270	—
Sugar	430	600	370	380
Vegetable oilseeds and oils (in terms of oil)	– 23	– 30	– 35	
Citrus fruits	– 190	– 200	– 200	– 230
Cotton	– 460	– 570	– 440	– 445
Tobacco	– 65	– 40	– 60	– 50

[1]Data refer to net imports unless preceded by a minus sign designating net exports.
[2]Preliminary.
[3]Including rye, oats, millets and sorghums.

The slackening of foreign demand for raw materials kept cotton shipments at the level of the preceding year, almost one-fourth below the peak of 1950.

Net exports of tobacco declined and those of citrus fruit, while showing a marked improvement over previous seasons, continued to fall short of the prewar level.

Consumption

With the improvement in production and continuance of substantial imports into the food deficit countries there was an appreciable increase in the total and per caput food supply within the region. However improvement in average consumption levels was mostly of a quantitative nature without any appreciable change in the composition of the diet which continues inadequate over large parts of the region

Prices

The rise in import prices and the decrease in export prices resulted in a major part of the region experiencing in various degrees unfavorable terms of trade during 1952 as compared with 1951 Egypt was most affected despite the government's efforts to continue to hold its cotton export prices above the international levels Prices of cotton dropped by about 50 percent between May 1952 and May 1953 In Turkey the export prices of wheat were reduced from US$110 f o b per ton to $96 in order to bring them closer to international levels This i still above the new International Wheat Agreement maximum

The index of general wholesale prices in 1952 was lower than in 1951 in Syria Lebanon and Egypt by 12 percent 9 percent and 3 percent respectively and continued to ease off in the first quarter of 1953 In Turkey and Iran prices were maintained relatively unchanged In Iraq and the Anglo-Egyptian Sudan there was a moderate increase of 3 and 11 percent respectively whereas in Israel, subjected to harp inflationary pressures, the index rose by 71 percent over its 1951 level and continued to increase into the first quarter of 1953 However food prices in all countries were above the 1951 levels ranging from 8 percent in Lebanon to 60 percent in Israel

Outlook

Indications are that the upward trend in Near East food and agricultural production will be maintained during 1953 54 The locust situation has been extremely serious, however during the winter and spring and, as last year large-scale international action was necessary to prevent escapes of swarms from infested area in North West Arabia and adjacent countries During the early part of the growing season, there were fears of drought in Jordan Syria and I rael Abundant rains during the spring f 1953 eased the situation in the northern part of Jordan and in Syria, and present expectations in the latter country are for the new grain harvests to exceed those of last year The rains came too late however to save grain crops on some 30 000 hectares of the Negev in Israel and southern Jordan In Lebanon floods have caused considerable damage in the wheat growing districts of the Bekaa and Akkar In other parts of the region, precipitation in the form of rain or snow was satisfactory In Turkey because of further expansion in area under grains, last year's record crops may be exceeded. In Egypt it is believed that government efforts to stimulate grain output will be successful this year the wheat harvest being officially estimated at 1.5 million ton compared with 1 1 million tons in 1952 In Iran and Afghanistan the outlook for the new harvest is reported to be favorable

As regards cotton, with the exception of countries like Afghanistan Ethiopia and Iran, where output continues to expand to meet increasing domestic requirements production in the main areas of the Near East is likely to fall off considerably during the present season In Egypt the area under cotton has been restricted to 30 percent of the cultivated land as part of the program to increase food production and because of reduced world prices and according to unofficial estimates production may be one third lower than in 1952 In Syria where during the past two seasons cotton growers had discouraging experiences as a result of insect infestation falling world prices and relatively high taxation, the area currently under cotton is estimated to remain well below the maximum acreage set by the Cotton Bureau A similar trend is expected in other countries, notably in Iraq where already in 1952 the crop was less than one-half of the year before

Owing to adequate rainfall during the first quarter of the year range and pasture conditions were satisfactory throughout most of the region and prospects for increased output of livestock products are favorable In Syria however livestock expansion suffered a severe setback due to a serious outbreak of foot and mouth disease which is also affecting adjoining areas in Iraq and Turkey

THE FAR EAST [1]

Production

The Far East region produced more food in 1952 than in any postwar year This slight but

[1] Unless otherwise specified, discussion of the Far East regional situation excludes the mainland of China.

Table 28. — Index Numbers of Volume of Total and per Caput Agricultural and Food Production in the Far East, 1948/49 to 1952/53

Item	1948/49	1949/50	1950/51	1951/52	1952/53
	1934-38 = 100				
FAR EAST including China Mainland					
Total production	94	94	96	98	99
Food commodities	93	95	96	97	99
Grains only	99	97	96	97	90
Non-food commodities	86	82	95	100	97
Population	112	113	114	115	116
Per caput production	85	83	84	85	86
Food commodities	86	85	84	85	86
Grains only	89	88	85	85	86
Non-food commodities	77	73	84	88	84
FAR EAST excluding China Mainland					
Total production	95	99	99	101	103
Food commodities	97	101	99	100	103
Grains only	96	100	96	97	100
Non-food commodities	86	87	103	106	102
Population	118	120	121	122	124
Per caput production	81	83	82	83	83
Food commodities	82	84	82	82	82
Grains only	81	84	80	79	81
Non-food commodities	73	73	84	86	82

Note: Owing to recent changes in the method of constructing FAO production indices, data are not comparable to those published in *The State of Food and Agriculture, Review and Outlook 1952*.

encouraging progress has been the result of favorable weather combined with the gradual expansion of area undertaken as part of governmental rehabilitation and grow more food programs. The record rice crop harvested late in the year provided relief from the persistent shortages of the last few seasons and, with the exception of wheat and some pulses, all other food crops registered increases. As a result, the regional food supply situation is above the postwar peak of 1949/50 and there is less dependence on imports from outside the region than during the previous year (Table 29). Import requirements are still high, however, as a result of the wheat crop failure in Pakistan. Non-food production has declined slightly from last year in the wake of generally decreasing raw materials prices. Total production is provisionally estimated to have increased two to three percent above prewar, but population has meantime increased 24 percent (Table 28). Prewar production was far from adequate to clothe and feed the population according to minimum standards, and per caput production is now 15 to 20 percent below prewar and only half the world average.

If the mainland of China is included, total production for the region is still slightly lower than prewar, but because of the slower population growth in China, per caput production appears a little higher.

Per caput availability of cereals produced in the region has been reduced nearly 20 percent compared with prewar and total per caput supply, including imports, by about 10 percent. Although these differences may be exaggerated by underestimation in official statistics collected during the postwar grain shortage, the regional deficit is still of serious proportions.

In some of the cereals deficit countries output of other basic food crops was increased. For example, per caput production of roots and tubers has increased substantially in the Philippines and Japan. Sugar production continues to increase, but only in exporting countries is the per caput consumption higher than prewar and still rising. As in the case of cereals, the region has changed from being a net exporter to a net importer of sugar. Total oilseed production continues the trend of increase above prewar, but supplies available for domestic consumption have not kept

TABLE 29 — CROP PRODUCTION IN THE FAR EAST (excluding Mainland China)

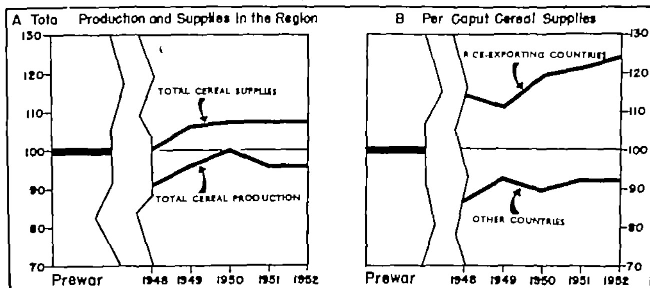
Commodity	1934-38 average	1948/49-1950/51 average	1951/52	1952/53 provisional	1952/53 change from 1951/52
	Thousand metric tons				*Percent*
Rice (milled equivalent of paddy).	65 475	65 544	64 226	68 726	+ 7
Wheat	12 128	11 255	12 192	10 722	— 12
Other grains	26 008	24 084	24 117	24 557	+ 2
TOTAL	103 611	100 883	100 535	104 005	+ 3
Potatoes and root crops	19 504	24 653	24 619	25 895	+ 5
Pulses	9 091	9 869	10 131	9 340	— 8
Oilseeds (oil content)	4 441	4 272	4 559	4 640	+ 2
Sugar (raw equivalent)	6 551	5 324	6 636	6 837	+ 3
Tea	444	500	558	554	— 1
Tobacco	794	616	606	596	— 2
Cotton	1 214	791	1 030	960	— 7
Jute	1 873	1 426	2 020	2 125	+ 5
Rubber	983	1 573	1 816	1 650	— 9

pace with population growth. No marked changes are apparent in livestock production.

Fish is the most important source of protein in many Far Eastern countries. The aggregate output in the region amounts annually to between 8.5 and 9.5 million tons, about 30 to 40 percent of the world's total. It is estimated that marine catches increased rapidly during the first four postwar years while rehabilitation was underway. In all countries recent production is estimated to be about equal to annual prewar output, except in Malaya, where large-scale mechanization is believed to have brought the catch above prewar, and in Korea, where hostilities have reduced production by two-thirds. In Japan, the world's largest fish producer, the 1952 catch was over 4.5 million tons, or 23 percent higher than in the previous year. Pond fisheries, an important source of food in wet rice areas, are also known to have been expanding.

The forests of Japan, the largest producer and consumer of forest products in this region, have been heavily over-cut during the past years, necessitating measures to restrict the volume of fellings during 1952. The output of sawnwood in Japan was about 12.1 million cu.m. in 1952

FIGURE 9 - CEREAL SUPPLIES IN THE FAR EAST
(1934-38 = 100)



Notes: Supplies equal gross production less net exports or plus net imports. Cereals include rice (milled equivalent), wheat, rye, barley, oats, maize, millets and sorghums.
Total cereal production: crop years 1947/48–1951/52.
Rice-exporting countries: Burma, Cambodia, South Korea, Taiwan, Thailand, Viet Nam.
Other countries: Ceylon, India, Indonesia, Japan, Malaya, Pakistan and the Philippines.

as against some 12.6 million cu m. in 1951. Production of wood pulp, on the other hand, continued to increase as a result of a switch in the use of available raw materials. From the 1950 record of 720,000 tons, it reached 1,100,000 tons in 1952 and is still rising. The Japanese production of newsprint increased markedly in 1952 and in contrast with the trend in other parts of the world the production and sales of all categories of paper and board also rose. All countries in the region depend almost entirely on imported forest products, especially for wood pulp and its products, but there is scope for development of limited softwood resources on the Chinese mainland, India and Pakistan.

Trade

The region has changed since the war from a net exporter of cereals to a large-scale net importer, principally of wheat and other cereals. The volume of raw materials exports from the region after an unprecedented rise is now falling (Table 30).

In 1953 it is expected that needs for cereal from outside the region will be somewhat less than the 8.3 million ton imported in 1952, because of good harvests in the deficit countries and because the chief exporters within the region may have larger supplies available. Including supplies from China, rice available for export in the region could increase from 3 million tons in 1952 to 3.7 million in 1953, a quantity greater than the indicated demand. Although the good rice harvests within the region will reduce some of the need for the cereals which have been imported as rice substitutes, the demand for wheat and coarse grains among traditional consumers in India, Pakistan, Japan and Korea will keep the region's requirements of wheat and coarse grains at about 7.5 million tons, the amount imported in 1952.

The external trade in this region in fresh, chilled or frozen fish products has remained stable at 12,000 tons. The Ceylon imports of cured fish from India and the Maldives increased between 1949 and 1952 to 50 percent over prewar levels. The cured fish trade from Thailand and Cambodia through Malaya to Indonesia amounted in 1952 to 43,500 tons compared with 5,000 tons in 1938. Canned fish imports into the region have increased rapidly during the postwar years. The major change during 1952 in the regional trade pattern of canned fish is the re-entry of Japan as a source of supplies of canned sardines.

The chief change in the regional trade in forest products was the recovery of Japan's prewar exports of pulp and paper products to other countries in the region.

Gross exports of agricultural products, including forestry and fisheries products, which accounted for over half of the total value of trade in 1951, are a primary source of foreign exchange earnings and government revenues in the region. As Table 31 indicates, terms of trade have begun to be increasingly unfavorable since the volume and prices of many export crops are declining while imports of foodstuffs are continuing at a high level and import needs for development increasing.

Total gross exports and imports for the region were about equal in 1951, but in 1952 exports fell to US $7,516 million while imports were steady at U.S. $9,645 million. As a result, most of the ex

Table 30. – Net Trade in Principal Export and Import Commodities of the Far East Region (including China Mainland)

Commodity	1934-38 average	1948	1949	1950	1951	1952 provisional
	Million tons					
Net Exports						
Oilseeds and oils (oil equiv.)	1.93	.93	.93	1.20	1.40	1.20
Tea	.38	.35	.42	.38	.43	.40
Jute	.73	.56	3[illegible]	.81	.60	.66
Rubber	.89	1.39	1.34	.62	1.62	1.41
Net Import						
Grains	—a	4.46	6.77	4 1	7 14	8.30
Cotton	.25	.06	.32	.42	.40	.41

a Net exports of 1.7 million tons

TABLE 31 — INDEX NUMBERS OF TERMS OF TRADE, SELECTED FAR EASTERN COUNTRIES

COUNTRY	1938	1951	1952
	1947-48 = 100		
Burma	74	157	
Ceylon	141	151	101
India	86	126	102
Malaya	120	179	146
Philippines		84	67

NOTE: Ratio of unit value index of exports to unit value index of imports.
Not available.

SOURCE United Nations Economic Commission for Asia and the Far East.

port levies imposed or raised during the post Korean boom had to be lowered or withdrawn and many countries had recourse in 1952 to import restrictions some of which, however have been eased subsequently

Some of the most pressing foreign trade diffi culties have found solution in intra regional trade agreements. The effect of changed trade terms on the international balance of payments has also been mitigated by continuing economic aid from international organizations and from the United States. Such aid falls far short of total need for capital imports but makes possible in dividual projects which will significantly expand production in individual countries for example the Damodar valley development in India and the Chao Phya irrigation project in Thailand.

Prices and Demand

Prices of export commodities except rice have moved freely but during the period of market decline minimum prices were set for cotton, jute and some others. The main objective of domestic price policy on the other hand, has been to stabilize the cost of living through subsidizing prices of cereals to consumers and controlling prices paid to domestic producers. Ceylon, India Japan and Malaya have food subsidies to offset the high price of imported grain. Because of the improvement in supplies systems for delivery of paddy at fixed prices are now in force for parts of India and Japan only The fixed prices for delivery to mills act as a ceiling price to producers in Burma and Thailand.

Prices of all commodities declined in India continuing the relief from the inflationary pressure which has been inhibiting public investment un der the five year plan. Execution of the invest- ment program has been gaining momentum in the first two years of the plan, but outlay has not yet reached its peak.

Manufacturing activity increased in the two most industrialized countries in 1952. India enjoyed a 7 percent increase between December 1951 and 1952 consumer goods industries contrib- *uting most to the rise In Japan manufacturing* activity had reached a postwar peak early in 1953 stimulated in part by the rise in agricultural in come. Textile production is still considerably below prewar levels and there has been a general movement toward production based on local raw materials.

Country Review

Agricultural conditions in individual countries, grouped according to type of agricultural economy are summarized below

Rice Surplus Countries In 1953 export avail abilities from the surplus rice producing coun tries might reach nearly 3 7 million tons, a record for the postwar period. An estimated 1 4 million tons may be available from Burma where reclamation programs over the last few years have helped to extend area to 80 percent of prewar Production in Thailand was slightly less in 1952 but with the addition of stocks exports may exceed the previous sea son s 1.5 million tons. A good crop in Viet Nam, where internal trade is still restricted may bring 1953 exports up to an estimated 300 000 tons which represents one third of prewar availabilities. Other suppliers include China which exported 100 000 tons in 1951 and 200 000 tons in 1952 Burma and Thailand continue to sell two-thirds of their exports under government to govern ment contract and Burma has raised the price by £ 5 per ton this season Official prices are still well below those bid at open tenders.

Raw Materials Exporting Countries Deficient or Self-sufficient in Food. Two successive years of water shortage have turned Pakistan from a net exporter of wheat into a net importer on a large scale. During the 1952/53 cereals shortage a United States loan for purchases abroad and a number of barter deals helped to marshall supplies. During 1953/54 the United [States Canada and Australia will donate substantial

quantities of cereals to alleviate the shortage. It has been planned to reduce jute production by 40 percent to 4.2 million bales in 1953 in view of the large carryover from previous seasons. Meanwhile measures are being taken to encourage trade through trade agreements including a three year pact with India and abolition of the export licencing fee. Cotton production increased in 1952/53 although there had been difficulty in disposing of the previous year's surplus.

The increasingly unfavorable terms of trade for raw materials exporters has been especially severe for Ceylon and Malaya which depend heavily on exports of tea, rubber and vegetable oils and must import approximately half of their food requirements. The revenue from customs which provide the bulk of government receipts fell by 25 percent in Ceylon and 35 percent in Malaya between 1951 and 1953. Ceylon has entered into a five year trade agreement with China for the exchange of rice for rubber.

In Indonesia the output of rice and other food crops continued to expand well beyond the prewar level, but copra production dropped, small holder's rubber production fell and sugar production made no progress in 1952. As is also the case in Burma, Malaya and Viet Nam, military and security measures still reduce funds and personnel which might otherwise be available for agricultural expansion.

The Philippines does not now need to import rice. Abaca and copra farmers are reported to have found food crop production more lucrative in 1952. Typhoon damage also contributed to the decline in copra production. Sugar output on the other hand continued to increase.

Food and Raw Materials Importing and Exporting Countries. In Japan controls on all cereals except rice were removed in June 1952. Current rice, wheat and barley crops are excellent and import need will be slightly less than the 3.0 million tons imported in 1952. Japan is faced with increasing difficulties in paying for both food and raw materials imports.

A bumper rice crop resulting in a reduction of import requirements for cereals by over one million tons was the most important economic development in India between 1951/52 and 1952/53. The 10 percent greater rice harvest was not matched by other grains however. Wheat, barley and pulses all decreased slightly. Sugar output which had increased in 1952 to the point where an exportable surplus was available has declined and further exports are prohibited. There was a slight decline in cotton production on about the same area and an increase in jute production. Few of the major agricultural projects in the five year plan have been scheduled to yield results before 1953. A final review of the plan in 1952 resulted in a revision of development programs for agriculture to include new schemes like community development projects and reorientation of the grow more food campaign.

Outlook

The year 1953 starts the third year of the Indian five year plan for economic development, an eight year plan for Burma and a second six year plan for Ceylon. Japan is now considering a ten year program which would make her almost self-sufficient in foodstuffs and as a result of recent crop failures Pakistan is giving agriculture a high priority among its development programs. The next crop season may show the results of the implementation of some aspects of these plans and of other country programs for expanding area and yield.

Among the important aspects of agricultural development in the region is the need to reduce dependence on uncertain monsoon rains responsible for the wide year to year variations in yields. Ceylon, Thailand, Malaya, Japan all have large-scale water control programs under way. During the 1953/54 wheat season Pakistan is accelerating a program for installation of tubewells to free part of the area from reliance on canal irrigation. Among the economic measures aimed at expanding food production in the coming season are the increased funds available for short term loans in a number of countries and the higher guaranteed producer prices being offered in some deficit countries.

Projects to diversify production such as the expansion of secondary cereals in Ceylon are still on a small scale or experimental as in the case of cocoa development in rubber producing areas in Malaya. The decline in the market for traditional exports may now give additional impetus to such measures.

The fall in the prices of some of the non food commodities which have been competing for land or labor with foodcrops may also encourage food output. Civil disorder continues to restrict the movement of cereals in local areas of a number of countries.

The drop in the value of exports of raw materials between 1951 and 1952 may be arrested in the coming year if demand continues to improve.

but foreign exchange difficulties will remain for many countries The reduction in government revenues from trade receipts have had to be offset in 1953/54 by increases in import duties in income taxes and internal excises.

Although the cereals supply position for the region has improved the cost of imported supplies will decline little since much of the rice is pur chased on government to government contract at prices fixed at higher levels this season and wheat imports under the International Agree ment may be more expensive The effect of higher minimum wheat prices may be offset in some countries however by an increase in the size of the quota

The further improvement in supply possible next season should bring most of the countries in the region nearer to their goals of self-sufficiency and larger export supplies but according to government plans at least five to ten years of intensive improvement programs are necessary before production may be equal to the minimum food requirements.

OCEANIA[1]

Current Situation

Economic conditions in Oceania improved throughout the year With overseas trading conditions more favorable import restrictions which had been imposed early in 1952 were pro gressively relaxed and foreign currency balances built up From January to July 1952 gold and foreign currency reserves fell steadily but by February 1953 they had recovered to the level of January 1952 In New Zealand the decline and recovery were somewhat later and less pronounced than in Australia

Greater agricultural production and sustained overseas demand, with higher prices than in 1951/1952 particularly for wool, caused an increase in the value and volume of agricultural exports Even so the recovery in the balance of trade was mainly due to curtailing imports In Austra lia, the value of total exports was nearly 30 per cent higher in 1952/53 than in 1951/52, whereas import values fell by over 50 percent, converting a trade deficit of £A379 million to a sur of £A358 million

Despite the sharp reduction in imports, n tion slowed down wage rates became oneu steadier and in Australia unemployment decreasing after earlier rapid growth. W rates in Australia rose less than 6 per during 1952/53 and the cost of living rose al 3 percent between June 1952 and March 1 Important elements in restricting inflation w the heavy stocks in hand, sufficient to r demand while import reductions were in fo and the active steps taken to control dem and such means as limiting loans higher inte rates and cutting immigration

Agriculture shared in and contributed to general improvement of economic conditions the agricultural industry on the whole enjo a greater degree of prosperity than in the prev year

Agricultural Production

The volume of production of the two count in 1952/53 was about 10 percent above the p ceding year but production per caput still not reach the prewar level for either food agricultural production with food product lagging the most

The major production increases were in Aus lian wheat (20 percent) milk (14 percent), m (13 percent) and wool (11 percent) and in N Zealand milk (6 percent) The greater part this increase resulted from improved yields both countries In Australia wheat and n output went up despite a decline in acre and cattle numbers and the higher wool o was due to heavier fleeces In New Zealand rise in milk yield and production contin although early estimates show a fall in da cattle numbers

In Australia output was considerably ab the abnormally low levels of 1951/52, which w caused by dry conditions in a number of ar and a drought in Northern Australia. Increa occurred in nearly every major branch of a culture Total agricultural production recove to surpass the level of 1950/51 and considera progress wa made toward fulfilling the g ernment s plan for agriculture Wheat wool a barley were above the level set for 1957/58 a milk not far off

In New Zealand, although over all output creased production of beef veal and lamb

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[1] The text refers only to Australia and New Zealand. The tables include the products of other areas in the region, mainly sugar from Fiji (about 100 thousand tons) and copra from a number of territories, e.g. New Guinea Fiji, New Hebrides (individual small amounts totaling about 200 thousand tons)

Fisheries

No significant or large-scale changes in the fishery production in Australia and New Zealand have taken place. The Australian output in 1951/52 of canned products has remained at the same level as in 1950/51. The canneries are developing new markets in Eastern Africa and the United Kingdom. The steady increase in exports of fresh and frozen spiny lobster tails to the United States, together with a rise in prices, resulted in a 42 percent increase in 1951/52 in dollar earnings from this commodity. Rising costs and scarcity of bait are affecting the spiny lobster fisheries of Western Australia, which account for over three-quarters of the exports.

Although Australia is principally a fish importing country, the trade crisis of 1952 necessitated restrictions on the imports of this commodity. Fishery resources are not large, however, and there was no significant increase in domestic supplies.

Forestry

The large volume of production and imports during 1951 and the high carryover into 1952 resulted in adequate supplies for the first time since the war. In Australia in 1952, although building and price controls were relaxed, demand for sawnwood did not pick up and stocks remained high. Output and imports showed a decline with the exception of railway sleepers, output of which marked the first postwar rise. In New Zealand, production of sawnwood continued to expand, but the declining market in Australia and contracting local demand resulted in a heavy surplus.

For wood pulp and pulp products the development was somewhat different. Preliminary estimates show that in 1952 output, imports and consumption increased in both countries compared with 1951. A significant trend is that pulp and paper industries are expanding rapidly and during 1953 there is expected to be a considerable rise in regionally produced wood pulp to meet the growing needs of the region's paper industries and consumption.

Outlook

The rising trend of agricultural production during 1952/53 may be expected to continue in 1953/1954. A number of technical innovations of recent years, now well established and widely practised, give promise of raising the fertility and usable area of agricultural land. As examples may be mentioned the application of trace elements to hitherto unproductive land in Australia, and the aerial spreading of fertilizers on otherwise inaccessible unimproved pastures in New Zealand. In Australia, although there is anxiety about naturally developed immunity, the myxomatosis campaign against rabbits continues and its success is reflected in the increasing trend of wool production which reached an all-time record in 1952/53. Growing mechanization will probably suffice to counteract labor shortages where they occur; the number of tractors on farms rose by 15 percent between 1951 and 1952, being $3^1/_4$ times the prewar figure. Apart perhaps from a range of commodities such as piping and galvanized iron, the supply of agricultural requisites now appears to be satisfactory with the growing ability of local industries to meet local requirements, and the relaxation of import restrictions.

Both governments are committed to expanding agriculture, the experience of 1952 having shown the necessity for a proper balance between primary and secondary industries. Farmers on the whole enjoy favorable treatment for taxation and credit and producers' returns are to a large extent protected by government controlled price schemes, but incomes, especially from wool, are vulnerable to the effects of a change in overseas demand.

The United Kingdom market is the main outlet for agricultural production and is likely to be able to absorb the increased exports which may become available. Meat and dairy products are mostly covered by long-term contracts, though there has been some evidence of resistance to price increases sufficient to cover producers' costs. For wheat the price outlook is uncertain because of the refusal of the United Kingdom to enter the new International Wheat Agreement and the existence of abundant world supplies in the autumn of 1953. Even so the Australian sown wheat acreage rose about 15 percent in 1953 as compared with 1952. In order that supplies will be available for sale in the traditional United Kingdom market Australia proposes to request a reduction in her quota in the new Agreement. Activity in the textile industries and consequently the world demand for wool appears to be continuing at a moderately high level.

The internal demand for farm products as a result of economic expansion and population

increase seem likely to continue high and rising especially in Australia

The question of production costs in Australia and New Zealand appears to be dominant in a long term view. The physical means are adequate for greatly increased production, but it is likely that in the future exports will be sharply affected by prices asked. The very rapid postwar development of both Australia and New Zealand has been partially responsible for a strong underlying tendency to inflation. In Australia at any rate this has resulted in rising price level in both agriculture and industry and recently there have been numerous warnings that Australian prices are out of line with world prices. Where secondary industries are concerned, this is of considerable importance but for agriculture mainly dependent on export markets, it is vital that prices should be competitive.

Growing concern has recently been expressed about the possible effect of competition from substitutes for wool and butter particularly if as seems to be the case the United Kingdom favors gradual reduction in the scope of bulk buying and long term contracts. These developments give warning that price competition is likely to become again an important element in determining the production pattern of agriculture in this region.

Chapter IV

REVIEW AND OUTLOOK BY COMMODITIES

Chapter IV - REVIEW AND OUTLOOK BY COMMODITIES

WHEAT

Current Situation

World wheat supplies reached very high levels during 1952/53 The coincidence of good harvests in several countries resulted in unusually high world production Crops were particularly large in the major exporting countries The Canadian crop was a record by a large margin and that of the United States was the third highest ever obtained. A still greater relative improvement occurred in Argentina, whose harvest was nearly four times as large as the preceding crop and substantially better than the prewar average The Australian crop, despite a reduced area equalled the postwar average

A large increase in exportable supplies of wheat resulted from these favorable harvests On the other hand, crops in importing countries were also good and their import requirements shrank In European importing countries where in the previous three years the prewar average production had been recovered, a further increase was secured. Better food grain crops in India also permitted a scaling down of imports Total world wheat exports consequently declined from the record of 29 million tons in 1951/52 to some 25 million tons in 1952/53

Outside the three major exporting countries supplies were not greatly different in the aggregate from those of the previous year One welcome development was the excellent harvest in Turkey which enabled its exports to be the best since the war Offsetting features were a fall in Pakistan's production, serious enough to make imports necessary and the apparently reduced harvests in the Soviet Union and Eastern Europe It does not appear that the miscellaneous group of exporters supplied in all an appreciably different share of total exports During the second half of 1952, moreover Argentina and Australia reflecting earlier unfavorable harvests had smaller exportable supplies Consequently importers again relied mainly on the United States and Canada, whose exports in 1952/53, though some three million tons (15 percent) smaller than in 1951/52, again accounted for over 75 percent of the total world wheat trade

The large harvests and the smaller trade resulted in a substantial addition to the supplies on hand on 30 June 1953. The bulk of the increase is located in the United States which experienced a sharp decline of 32 percent in exports Its carryover was some 8 million tons larger a quantity about equal to its total exports in 1952/53 Canada's holdings have increased by some 4 0

TABLE 33. WHEAT PRODUCTION

COUNTRIES	1934-38[1]	1948	1949	1950	1951	1952
	Million metric tons					
Canada	7 17	10 52	10 11	12 67	15 04	18 [illegible]2
United States	19 48	35 [illegible]5	31 06	2[illegible] [illegible]4	26 88	35 16
Argentina	6 63	5 20	5 14	5 80	2 10	7 80
Australia.	4 90	5 19	5 94	5 01	4 34	5 23
Total 4 countries	3[illegible] 48	56 66	52 25	51 12	48 36	66 93
Total 11 European countries	30 63	27 06	30 07	30 56	30 01	3[illegible] 41
WORLD TOTAL (excl U.S.S.R)	128 90	145 40	140 70	14[illegible] 70	142 20	104 30

[1] The average production in the years 1934-38 for the United States and Canada and, consequently for the world, was abnormally low owing to the effects of extreme droughts in 1934 and 1936. Average production in the years 1937-41 when weather conditions were more normal, was as follows Canada 10 13 million tons, United States 23.38 million tons

TABLE 34. WHEAT AND WHEAT FLOUR EXPORTS

EXPORTING COUNTRIES	1934/35–1938/39	July/June				
		1948/49	1949/50	1950/51	1951/52[1]	1952/53[1]
	Million metric tons					
Argentina	3 30	1 66	2 42	2 82	0 82	0 80
Australia	2 84	3 30	3 07	3 51	2 73	2 80
Canada	4 0	5 97	6 39	5 98	9 40	10 40
United States	1 62	13 79	8 60	10 22	13 00	8 70
Total 4 countries	12 38	24 72	20 47	22 51	[illegible]	22 70
Others	5 01	2 28	2 13	2 09	2 96	
TOTAL	17 40	27 00	22 60	25 20	28 90	

[1] Preliminary Not available

TABLE 35. WHEAT AND WHEAT FLOUR IMPORTS, BY CONTINENTS

CONTINENTS	1934/35–1938/39	July/June			
		1948/49	1949/50	1950/51	1951/52[1]
	Million metric tons				
Europe	11 95	17 10	12 90	13 10	14 40
Asia	1 90	5 30	5 60	5 20	7 40
Other continents	3 05	3 90	4 20	5 80	7 10
TOTAL	16 90	26 30	22 70	24 10	28 90

[1] Preliminary

million tons Very ample stocks of about 5 million tons remained in Argentina owing to its recent good harvest and the very slow movement of wheat in the first six months of 1953 Some increase also occurred in Australia The total carryover for the four countries amounted to about 34 million tons, nearly twice as much as the stocks held a year earlier and the highest level ever reached in peacetime.

While this result is to be attributed in large measure to the coincidence of good harvests which cannot be expected to recur regularly the year under review marks a new phase in the postwar world wheat situation While year to-year fluctuations in production will be inevitable the effects of the large stock position in all probability will maintain easy supply conditions for some time Moreover in the importing countries some of the increase in production is a permanent gain deriving from the recovery and expansion efforts of the postwar years Some gains in production and exportable supplies are still to be obtained among the miscellaneous exporters While the postwar exports of this group have made very slow progress on the whole rising from less than 5 percent in 1947/48 to 10 percent in 1951/52 the generally high level of prices and the preference of importers to purchase from non-dollar sources may be expected to provide a continuing stimulus for greater production and exports On the importing side on the other hand, the immediate outlook suggests some further contraction, more particularly in the Asian import requirement which in the postwar years generally has been abnormally high, owing to some poor crop years in India and to the shortage of rice

Outlook

Production prospects in 1953/54 point to some decline in United States production from last year's level to a level about the average of 1948-1952 The resulting supplies would still suffice for domestic requirements and exports at the 1952/53 level with no withdrawal from stocks Very ample supplies should be maintained also in

TABLE 36. ESTIMATED WHEAT STOCKS ON 1 JULY IN MAJOR EXPORTING COUNTRIES[1]

YEAR	United States	Canada	Argentina	Australia	Total
	Million metric tons				
1934-38	4 34	3 85	2 65	1 83	12 67
1948	5 33	2 86	3 54	2 86	14 59
1949	8 38	3 68	3 40	2 60	18 93
1950	11 57	3 81	2 72	3 27	21 37
1951	10 78	6 40	2 31	2 72	22 21
1952	6 91	7 33	0 93	2 18	17 39
1953p	15 21	10 90	5 10	2 50	33 71

[1] Based on estimates of United States Department of Agriculture and FAO For Argentina and Australia, stocks are mid season supplies and include grain for domestic consumption and exports up to the beginning of their new crop season.
p Preliminary

Canada Sowing conditions were favorable in Argentina and Australia and there is an expectation of increased acreages. Both these countries can supply larger exports than in 1952/53 particularly Argentina, where in addition to the supplies that will accrue from the next crop an unusually large quantity has been carried over Larger participation in wheat trade by the U.S.S.R. and Eastern Europe may occur Pakistan requires large imports, but Turkey expects another good crop In Europe the outlook for production is not as favorable as a year ago but the decline may only be moderate In India, a good supply outlook and an improvement in the rice situation should reduce the need for imported wheat

Wheat prices during most of 1952/53 showed only a moderate response to the greatly increased supplies owing to the strength of the United States support program, but a marked fall occurred in the early summer the lack of storage space limiting the use of loan facilities by farmers. For some two-thirds of world trade however prices were determined by the International Wheat Agreement and were generally equivalent to the maximum of the price range Prices of non Agreement wheat generally moved with changes in the United States commercial market

New factors in the price outlook for 1953/1954 are the amended IWA price range involving a rise in the maximum from $1 80 to $2.05 per bushel the abstention of the United Kingdom from the renewed Agreement, and the re-establishment of private trade in wheat in the United Kingdom and some other importing countries. But policy decisions in the United States, together with the outcome of the 1953 crops, will be the main price determining influence For 1953/54 the support level is again 90 percent of parity for all eligible wheat offered by farmers but in

TABLE 37 WHEAT PRICES 1951/52 AND 1952/53

Period	United States No 2 Red Winter cash price Chicago		Canada No. 1 Northern Manitoba[1]		No 2 Red Winter c.i.f. North Sea Ports[2]	
	U.S $/bushel		*Can $/bushel*		*U.S $/ton*	
	1951	*1952*	*1951*	*1952*	*1951*	*1952*
July	2 27	2 31	2 35	2 11	—	91 6
October	2 40	2 30	2 40	2 22	111 6	96 4
	1952	*1953*	*1952*	*1953*	*1952*	*1953*
February	2 51	2 28	2 40	2 18	115 3	—
June	2 19	1 98	2 1	2 06	95 2	73 [illegible]

[1] Class II in store Fort William/Port Arthur for sale outside I.W.A.
[2] Source: Die Weltmärkte wichtiger Nahrungsmittel, Bonn.

line with new legislation, a minimum wheat acreage allotment for 1954 of 62 million acres (25 million hectares) 20 percent less than the planted area for 1953 has been fixed Price supports will be maintained at 90 percent of parity but marketing quotas will be in effect restricting farm wheat marketings in 1954/55 to the output of the allotted acreage Future United States policy with regard to the wheat stocks of the Commodity Credit Corporation, which held the bulk of the carryover on 30 June will also have an influence on prices

COARSE GRAINS

Supplies and Trade in 1952/53

In general, 1952/53 was a good year for coarse grain production with increases in output over the previous year in all continents except Europe

TABLE 38. COARSE GRAIN PRODUCTION[1]

REGION	1934-38	1948	1949	1950	1951	1952[2]
	Million metric tons					
North America[3]	70.7	132.6	118.9	116.2	113.6	121.8
South America	17.3	13.3	10.9	13.7	12.0	16.4
(Argentina)	(0.4)	(5.1)	(2.1)	(4.8)	(3.9)	(7.3)
Western Europe[4]	42.5	37.4	39.4	37.2	42.4	40.1
Others	77.4	78.6	79.8	76.6	82.2	83.2
WORLD TOTAL (excl. U.S.S.R.)	216.9	201.9	249.0	243.7	250.2	261.6

[1] Including rye, barley, oats, maize
[2] Estimated
[3] The average production in the years 1934-38 for North America and, consequently, for the world, was abnormally low owing to the effects of extreme droughts in 1934 and 1936. Average production for United States and Canada in the years 1937-1941, when weather conditions were more normal, was 17.81 million tons larger than in 1934-38.
[4] Including Yugoslavia.

In the United States, owing to a marked increase in maize production, total feed grain output rose by 7 percent. Total supplies of feed have exceeded the requirements, resulting in some addition to year-end stocks, in contrast to the two previous years when stocks were drawn on. Production in Canada, for the third year in succession, was very large; barley and oats production in 1952 was more than twice the prewar average. Though exports increased, end-of-season stocks in Canada were also greater. The production increase in Argentina is relatively much greater. Its maize crop, though still very modest compared with prewar, is expected to be about double the previous harvest and to be supplemented by good crops of barley, oats and rye. Average or better than average barley crops were harvested in other surplus areas including Australia, French North Africa, Turkey and the Near East. Some reduction in output, however, was experienced in the Danube countries, particularly in Yugoslavia, where the deficit made heavy imports necessary in contrast to the preceding year when substantial exports were made.

European coarse grain crops in 1952 were somewhat less satisfactory compared with the year earlier, but better than in most postwar years. Barley crops were generally good and in some cases excellent, but oats production was smaller and maize crops were appreciably smaller.

World exports of coarse grains (barley, oats, maize and sorghums) increased in 1951/52 to their best postwar level and were within 8 percent of the 1934-38 average. This increase over the previous year was provided mainly by Canada, Turkey, Yugoslavia and the U.S.S.R.

TABLE 39. EXPORTS OF COARSE GRAINS[1]

COUNTRY	1934/35-1938/39	July/June				
		1948/49	1949/50	1950/51	1951/52	1952/53
	Million metric tons					
Argentina	7.34	2.31	1.94	0.67	1.10	1.00
Canada	0.51	1.25	1.09	1.12	2.61	4.00
United States	1.10	4.33	4.42	6.05	4.66	4.00
Others	6.45	3.26	5.39	4.04	5.81	
WORLD TOTAL	15.40	11.16	12.84	11.88	14.18	

[1] Including millet, sorghum and rye
Preliminary
Not available

Exports in 1952/53 apparently did not mark a further advance. Shipments from the three major exporters were slightly larger than in 1951/52. Argentina's shipments appear to be at the same low level, since little of the increased crops became available for export within 1952/53. Shipments from other sources may show a net decrease mainly because the U.S.S.R. appears to have had smaller quantities for export and Yugoslavia was unable to make any shipments.

Trade in coarse grains continued to be much of the same general character in 1952/53 as in the preceding four years. For most of the postwar period, about half or more of the total exports have been supplied by the United States and Canada, their shares being markedly greater both relatively and absolutely than prewar. Argentina exported much smaller quantities than prewar. Exports from sources other than these three countries have shown some gain in recent years though the importance of individual exporters within this "other" group has shown wide variations from year to year. Its composition differs quite markedly from prewar when the Eastern European countries and some Far Eastern suppliers were much more prominent.

Prices

In North America, prices of barley and oats showed a slightly rising tendency in the first months of the 1952/53 year but fell after November or December and by April were back at the levels of the previous June. United States maize on the other hand tended to decline after May 1952. Following some recovery in November and December it declined again and by June was 15 percent lower than a year earlier.

Coarse grains from other sources showed some pronounced falls. Iraq barley c. & f. London quotations had declined by March 1953 by about one-third compared with a year earlier.

Outlook

Export capacities and import requirements in 1953/54 will be greatly influenced by two important elements. In the United States, on the evidence of anticipated opening stocks and of farmers' spring planting intentions, the feed supply situation should be better than in 1952/53, assuming no untoward crop results. The second element — and in this respect there is a

TABLE 40. COARSE GRAIN PRICES

Description	Currency and Unit	1951/52			1952/53			
		July	November	March	July	November	March	June
CANADA								
Barley No. 1 feed, cash price at Winnipeg[1]	Canadian $/bushel	1.16	1.44	1.29	1.15	1.30	1.23	1.23
Oats Western No. 2 cash price at Winnipeg	Canadian $/bushel	0.80	1.03	0.91	0.81	0.93	0.78	0.70
U.S.								
Barley No. 3, cash price at Minneapolis	U.S. $/bushel	1.19	1.45	1.33	1.42	1.50	1.46	1.28
Oats No. 3, cash price at Chicago	U.S. $/bushel	0.79	1.07	0.93	0.83	0.90	0.80	0.78
Maize No. 3, yellow cash price at Chicago	U.S. $/bushel	1.76	1.83	1.85	1.81	1.58	1.56	1.55
IRAQ								
Barley c. & f. United Kingdom ports	£ s.d./metric ton	29 15 0	41 10 0	36 0 0	29 15 0	31 6 0	25 0 0	27 17 6

[1] Basis in store Fort William/Port Arthur.

marked difference from 1952/53 — Argentina's export capacity will be significantly greater owing to the greatly improved carryover of barley oats and rye from the recent good harvests and the improved, if lower than average maize crop On the importers side in the absence of significant price declines or a large increase in non dollar supplies, no substantial change in demand from that of recent postwar years is to be anticipated in Europe For Asia, an improvement in the supplies of food grains may lead to some decline in the coarse grain import requirement

RICE

After a period of great scarcity the rice position has eased, partly as a result of the adjustments foreseen in last year's review partly owing to favorable weather conditions. International trade is not expanding however as much of the increase in world production occurred in rice deficit countries. The rise in prices which continued during most of 1952 has halted as far as "free" market transactions are concerned, although there has been a further rise in the price of some government to government contracts. Prices will probably be the factor determining the level of international trade during the coming year

Current Situation

Most of the Asian rice growing countries reported larger crops in 1952/53 than in preceding years the main exception being Thailand. The most notable increase has been achieved in India, which had suffered from two successive poor years. Production continued to expand in the United States and in Southern Europe recovered somewhat in Brazil, but failed to do so in Egypt This however still left per caput total world (excl U.S.S.R.) rice production at less than 93 percent of the prewar figure.

Most of the better crops did not however become available before the beginning of 1953 Thus throughout 1952 the demand for rice remained very strong and all quantities offered by exporters were readily absorbed. Not all the surplus available was, however so offered, some exporting countries retaining stocks possibly with the hope of obtaining still higher prices for them. These expectations have so far been disappointed, while some of this rice is believed to have suffered from prolonged storage International trade in 1952 was thus limited, and appears to have failed to reach the level of 1951 which was very low compared to prewar though substantially better than in immediately previous years.

The three leading exporters were still Thailand, Burma and the United States. Italy and China (mainland) now occupy the fourth and fifth places Indochina which was the third exporter in prewar days and which was expected to expand its shipments in 1952 has unfortunately been forced to reduce them Brazil's exports were barely maintained and those from Egypt practically ceased. Little change is expected in 1953 Burma may replace Thailand as the largest ex

TABLE 41 WORLD PRODUCTION OF RICE (PADDY)

AREA	1934-38 average	1946/47	1949/50	1950/51 (revised)	1951/52 (revised)	1952/53 (provisional)
	Million metric tons, paddy					
China [1]	50.5	46.3	44.9	46.7	48.3	
India	34.3	30.3	25.3	30.9	31.6	[2]35.0
Pakistan	11.3	12.8	12.4	12.6	11.8	12.5
Japan	11.5	11.5	11.9	12.1	11.3	12.4
Thailand	4.4	4.6	6	0.8	[2]7.2	[2]6.5
Burma	7.0	3.8	[2]5.2	[2]5.2	5.5	5.8
Other Asia	26.0	21.6	25.3	25.1	25.5	26.8
Total, Asia	144.8	130.9	141.7	139.3	141.2	148.0
Other continents	6.4	9.4	11.3	11.6	11.6	12.0
WORLD TOTAL (excl. U.S.S.R.)	151.2	140.3	153.0	150.9	152.8	160.0

[1] 22 provinces and Manchuria
[2] Unofficial estimate
Not available

Table 42. International Trade in Milled Rice [1]

Areas	1934-38 average		1950		1951 (revised)		1952 (provisional)		1953 (forecast)	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
	Million metric tons milled									
Thailand	1.4		1.5		1.6		1.4		1.2	
Burma	3.1		1.2		1.3		1.3		1.4	
United States	0.1		0.5		0.5		0.8		0.8	
Indochina	1.3		0.1		0.3		0.2		0.3	
Italy	0.1		0.2		0.2		0.3		0.3	
China [2]		0.7		0.1	0.1		0.2		0.3	
Japan		1.7		0.6		0.8		0.9		1.0
India		1.8		0.4		0.8		0.7		0.6
Malaya		0.5		0.5		0.5		0.5		0.5
Indonesia		0.3		0.3		0.5		0.6		0.5
Other Asia	1.7	0.9	0.1	0.9	0.2	1.1	0.1	0.9	0.2	1.2
Other Areas	0.2	2.0	0.4	1.2	0.7	1.2	0.2	0.9	0.2	0.9
World Total	9	7.9	4.0	4.0	4.9	4.9	4.5	4.5	4.7	4.7

[1] Postwar figures represent 92 percent of the total trade in rice; prewar averages relate to net trade
[2] Mainland.

porter while China may move up to fourth place having been a net importer up to 1951

Among importers, Japan took the largest share in 1952, with India second and Indonesia third. Europe continued to reduce its gross imports

In 1953 Japan is expected to maintain her rate of imports and Korea, a large exporter up to 1943, to expand hers considerably On the other hand, the previous import estimates for India and Indonesia have been sharply reduced and total import plans, unless revised, may for the first time in years fall below export availabili ties These import plans have no doubt been in fluenced by price considerations

During 1952 the price of rice in international trade rose almost continuously while that of alternative foodstuffs fell. Burma Small Mill specials 42 percent Brokens which had been dealt with early in 1952 on a government to govern ment basis at £50 ($140) per ton f o b Rangoon were sold on the same basis at £60 ($168) in 1953 while at the new open tenders instituted during 1952 up to about £80 ($224) was paid for the same quality United States rice for export is 20 to 23 percent more expensive than a year ago with No 1 Pearl at $265 f.o b San Francisco and No 2 Rexoro at $310 f.o b Houston.

A feature of the year has been the effort in South East Asia to pay more attention to quality and to revive the export of finer grades. Thus Thailand has offered white rice with only 5 per cent Brokens at $235 or at £92 ($257) if payable in sterling This has in turn led to an increase at the other end of the scale of the trade in Broken rice for industry and animal feeding, at about $110 for lower grades f.o b Kohsichang

Outlook

The favorable factors responsible for the larger crops continue to operate Costs have generally ceased to rise capital goods and agricultural requi sites are more readily available while the returns on alternative uses for land and labor still favor rice growing This tendency continues, however to be counterbalanced by the fact that in many countries — with the notable exception of the United States — farmers are still not allowed to reap directly the benefit of world rice prices These internal price policies formed a main subject at the FAO Special Rice Meeting held in Bang kok, January 1953, which recommended govern ments to review the policies so as to ensure that those adopted were definitely encouraging production. Burmese production has benefited by more peaceful conditions but that of Indochina is suf fering from the extension of warfare the future of which will be a foremost factor in rice supplies from South East Asia.

As regards demand, the government delegates at the Bangkok meeting considered it probable that the replacement of considerable quantities of rice by other grains in many countries in Asia will prove to be a permanent feature The fol lowing table shows the striking changes which, owing to the rice shortage have occurred during

TABLE 43. IMPORTS OF RICE, WHEAT AND WHEAT FLOUR AND OTHER GRAINS OF 6 ASIAN RICE IMPORTING COUNTRIES[1] PREWAR AVERAGE 1949 52 ANNUAL

GRAIN IMPORTS	1934 38	1949	1950	1951	1952 (provisional)
	Thousand metric tons				
Rice (milled)	4 982	2 220	2 276	3 146	3 401
Other grains.[2]	589	6 538	4 414	7 591	6 833
Wheat and flour	(314)	(4 976)	(3 714)	(5 634)	(5 194)
Others	(275)	(1 562)	(700)	(1 957)	(1 639)
Percentage of total grains :	*Percent*				
Rice	89	25	34	29	33
Other grains.	11	75	66	71	67

[1] Ceylon India Indonesia, Japan, Malaya and the Philippines.
[2] Includes barley maize rye sorghums and millets, and oats

the postwar period in the import of other grains into six main rice importing countries of Asia.

Some shifts in demand between rice and other foodstuffs are however bound to occur The policy of governments as regards food subsidies is important here In recent years subsidies on the one hand have tended to increase consumers demand for rice but on the other to reduce the willingness of governments to import rice owing to the internal financial burden. During the past year such subsidies have been lowered and in some important areas, e.g., in India, even abolished. Wheat imports under the new International Agreement however may be more costly although the effect may be mitigated in some important rice countries e.g., Japan, by the increase in quotas

This year s larger rice crop and the apparent excess of export availabilities over import plans *do not mean that the world is assured of ample* rice supplies. Scarcely 6 percent more has been harvested than in prewar days as compared with an increase of 11 percent in population in rice-eating countries where, furthermore there is need for an increase in per caput consumption of rice The human need for more rice exists but rice exporters may in the near future have to pay more attention to prices and their relations to other grains, than has been necessary in the last few years

SUGAR

Due to Cuba s curtailment of the 1953 crop to 5 1 million tons and to unfavorable weather conditions in Europe world centrifugal sugar production (exclusive of the U.S.S.R) declined in 1952/53 by two million tons from the previous year s record of 32.3 million tons Yields were appreciably lower in practically all Northern and Central European countries

The year 1952/53 marked in some respects a step towards stabilization of the world sugar economy and the weakening of war-engendered

TABLE 44 SUGAR : WORLD CENTRIFUGAL PRODUCTION 1934-38 AVERAGE AND ANNUAL 1950/51 1952/53

REGION	1934-38	1950/51	1951/52	1952/53
	Thousand metric tons			
Europe	6 500	8 900	8 700	8 000
North and Central America	6 900	11 600	12 700	10 700
South America	1 800	3 100	3 300	3 500
Asia	4 400	3 300	4 200	4 300
Africa	1 100	1 600	1 600	1 700
Oceania.	1 800	1 900	1 800	2 000
WORLD (excl U.S S R.)	22 500	30 400	32 300	30 200
U.S S.R	2 300	2 400	2 600	2 500

forces. Production in non-dollar exporting countries made significant gains for the first time since the end of the war, with the result that more sugar will be available for export in 1953 from non-dollar sources. Asia's production approached the prewar level, although its distribution within the continent was fundamentally different. Finally, production increased in most self-sufficient or deficit countries except those in Europe. Highly significant are the steady increases in South America and Africa. In general, these increases were due more to extension of production resources than to favorable weather conditions.

Consumption, Trade and Prices

Although 1952 was a very good year from the standpoint of consumption, trade and prices, it also witnessed some problems. Some of these were due to general balance of payment difficulties, others to the transition from the special conditions caused by the war. The postwar tendency to higher per caput consumption continued, especially in the countries of low consumption in Africa and Latin America, but at a diminished rate. Exports probably declined by 1 to 2 percent from the record high level of 11.7 million tons in the previous year, but were still about 18 percent higher than the prewar average. The most important development was the increase in production by 2 million tons during 1951/52, which raised world output to about 45 percent above prewar and led to the emergence of a surplus for the first time since the end of the war. Around 90 percent of the increase in carryover stocks was concentrated in Cuba, but slight increases took place also in other dollar exporting countries.

The rise of about 1.9 million tons in carryover stocks adversely affected prices and recalled memories of sugar surpluses, but the measures taken by Cuba were effective in preventing a collapse. About 1.8 million tons were removed from supplies available for marketing and placed in a special reserve, and it was announced that the 1952/53 crop would be limited by decree. World prices, instead of falling precipitously, declined gradually. The average price in 1952 of 4.2 U.S. cents per pound was about the same as the price in 1948/49 and 330 percent higher than in 1934-38. Even the "real" price (deflated by U.S. index of wholesale prices and, to some extent, applicable to Cuba) was almost double the prewar average.

The decline in prices, which continued in the first three months of 1953, made possible the termination of practically all consumption controls. Rationing was finally removed in all but two countries. Japan, which had reduced per caput consumption to about one-third of prewar, made significant import relaxations, and the United Kingdom announced early in 1953 that rationing would shortly be terminated. A contract for a million tons was negotiated with Cuba at a special price for the specific purpose of ending consumer rationing.

International Sugar Agreement

Although a real collapse of the world sugar market, which had been forecast in some quarters since 1948, did not occur, deep concern is now felt about the future of the world sugar economy, especially of the free market sector. The chief problem is undoubtedly the intensification of efforts to raise production in protected areas. Discussion about a new international sugar agreement assumed greater urgency, and at the end of 1952 it was decided to call an international conference to negotiate a new agreement. Early

TABLE 45. SUGAR: WORLD AND U.S. PRICES, 1934-38 AND ANNUAL 1950-53

Period	World (f.o.b. Cuba)	New York ex-duty	Deflated by the U.S.A. wholesale index 1934-38 = 100	
			World	New York
	U.S. cents per lb			
1934-38 (Average)	0.96	2.22	0.96	2.22
1950	4.98	5.43	2.47	2.60
1951	5.6[illegible]	5.56	2.5[illegible]	2.4[illegible]
1952	4.1[illegible]	5.7[illegible]	[1]1.91	[1][illegible].64
November 1952	4.00	5.91	[1]1.82	[1][illegible].72
March 1953	3.[illegible]	5.63	[1]1.4[illegible]	[1][illegible].66
May 1953	3.64	5.83	[1]1.6[illegible]	[1]2.66

[1] Preliminary.

in 1953 the Secretary-General of the United Nations, acting under the terms of the Havana Charter invited 78 governments to meet in London in July

Outlook

While it is clear that 1952/53 marks an important stage of transition for sugar the new pattern is not yet well defined and not all the forces coming into play can yet be assessed. The main question is the future position of Asia. Africa is launched on a trend to higher consumption and the most spectacular increases in per caput consumption during the last five years occurred in that continent In Asia, on average per caput consumption is still only around 2.5 kilograms a year and future development will depend on many complex socio-economic factors Technologically resources for increasing production are available whether economic forces will favor expansion remains to be seen To achieve that end considerable financial resources would be necessary as well as increases in acreage and emphasis on industrial development

In other continents, the postwar consumption gains are likely to be permanent and, given high levels of income and employment the present trend will continue although probably at a reduced rate

Production will continue to expand in self sufficient and deficit countries as well as in non dollar exporting countries particularly in the British Commonwealth and in the French Union. No dramatic developments comparable to the growth of the sugar industry of Java and Cuba after World War I are in prospect but current forces will bring about a steady growth in many countries Production resources and potentialities are perhaps not so favorable in other regions as in the Caribbean but expansion programs are assisted by special price arrangements, tariff preference long term contracts and other devices In 1953, the United Kingdom paid the Dominion and Colonial sugar producers about 50 percent more the world price and 70 percent more tha special Cuban contract price In the long world production is likely to increase by 1 percent a year International trade will rea new record in 1953 and may exceed the pro 1951 record by almost a million tons Wh decline can be anticipated by 1954, world ex are likely to remain high over the next few and substantially higher than in prewar yea

LIVESTOCK PRODUCTS

Meat

Meat production in most regions was sub tially larger in 1952 than in the preceding and the increase continued into the first ha 1953 In North America, production in 1952 43 percent larger than prewar Western Eu reached the prewar level in 1951 and produc increased further by 6 percent in 1952 Pro tion in Oceania in 1952 exceeded the figur the previous year by 8 percent, due to hea increased sheep slaughterings In Argentina, effects of three consecutive drought years still apparent

Owing to strong domestic demand and high c sumption in primary producing countries, cou with scarce foreign exchange in some impor countries world trade in meat (including can meat on carcass-weight basis) in 1952 sho only a small gain over the previous year N Zealand strengthened its position as the larg exporter followed by Denmark. Shipments fr Argentina were only about two-fifths of the p war volume

Trade in live animals in 1952 was smaller th in the previous year Cattle exports from D mark decreased by 40 percent Exports of stock from Ireland were reduced by one-third c to the expansion of the domestic slaughtering

TABLE 46 INDEX NUMBERS OF MEAT PRODUCTION BY REGIONS

REGION	1949	1950	1951	1952
	1934-38 = 100			
Western Europe	83	96	100	106
North America	134	130	135	143
South America	116	115	112	112
Oceania	114	112	108	116

Beef, veal, pigmeat, mutton and lamb.

TABLE 47. MEAT EXPORTS: SELECTED COUNTRIES, PREWAR, 1951 AND 1952

COUNTRY	All types, except canned (crude weight)			Canned		
	1934-38	1951	1952	1934-38	1951	1952
	Thousand metric tons					
Argentina	511	183	176	70	109	58
Uruguay	1	5	[1]67	33	14	[1]11
Australia	277	147	123	4	51	99
New Zealand	273	290	393	3	8	16
Canada	90	64	40	5	4	
United States	52	59	67	5	7	6
Denmark	200	241	219	4	47	34
France	2	19	10	2	38	17
Ireland	41	30	50	1	11	10
Netherlands	35	62	69	10	50	56
TOTAL	1 521	1 169	1 237	137	333	320

[1] Preliminary

dustry but this decrease was offset partly by larger exports of store cattle, sheep and lambs. The United States ban on livestock imports from Canada reduced Canadian exports to practically nil.

While Western Germany, France, Belgium and the United States in 1952 imported less meat than during the preceding year, United Kingdom imports increased slightly. As larger imports coincided with a further increase in domestic production, the meat situation in the United Kingdom improved, but total supplies were still considerably less than before the war; per caput consumption of all types of meat was only about two-thirds of the corresponding prewar figure.

In recent years prices have been generally very favorable for meat production, but in 1952 they fell substantially in many countries in the Northern Hemisphere. This shift appears to reflect increasing supplies rather than a weakening of demand. In the Southern Hemisphere, on the other hand, prices continued to rise and United Kingdom contract prices for meat from Argentina, Australia and New Zealand for 1952/53 were considerably above those for the previous season.

In Western Europe livestock prices in the first months of 1953 were nearly everywhere below the corresponding prices in 1952, the only major exception being the United Kingdom. In the United States prices of beef steers in January 1953 were 24 percent less than a year before and the decline continued during the first half of 1953, whereas pig prices, following a considerable decline in production, were substantially higher than a year earlier. Movements of livestock prices in Canada were similar to those in the United States.

The prospects for meat production in 1953/54 are on the whole favorable. Summer pastures in the Northern Hemisphere seem to be in good condition and the outlook for good crops of feedstuffs in 1953 is encouraging. Cattle numbers in the United States and Canada are at record levels and higher production of beef and veal is expected

TABLE 48. MEAT: UNITED KINGDOM IMPORTS

COMMODITY	1934-38	1950	1951	1952
	Thousand metric tons			
Beef and veal	572	340	159	130
Mutton and lamb	333	400	202	358
Pork	39	31	16	15
Poultry, offals and other meat	100	96	120	96
Bacon, hams and salted pork	293	218	223	250
Prepared meats, other	1	6	19	17
TOTAL	1 481	1 191	791	878
Canned meat	71	163	333	105

not only to offset reduced pigmeat production but to bring about a further although small, in crease in total meat production In Oceania the high production level of the 1952/53 season is expected to be maintained In Western Europe production will continue to increase but at a slower rate than in the preceding years Whereas in a number of countries such as the United Kingdom, Denmark, the Netherlands and Sweden, greater pig numbers point to increases in pigmeat production, in Western Germany and Belgium the upward movement has come to a stop and 1953/54 pigmeat production in these countries will be smaller

World meat trade is expected to continue its expansion, as the outlook for satisfactory deliveries from Oceania as well as from Denmark and the Netherlands is favorable The total volume however will to a large extent depend on the supply position in Argentina

Dairy Produce

Conditions for dairying were generally advantageous during the first months of 1953 and milk production in most countries was substantially higher than a year earlier In the United States, where milk production has been relatively stable since 1947 output during the first half of 1953 was 6 percent above the level of the previous year Favorable pasturage conditions during the past winter combined with ample supplemental feeding had a major part in this increase A further factor supporting this development appears to have been the change in price relationships which in previous years had favored the production of meat at the expense of milk Canada which for several years had recorded declining production, showed a considerable increase in 1952 continuing through the spring months of 1953

In Western Europe production in 1952 remained at the level of the previous year largely because of dry weather during the summer and of foot and mouth disease but most countries reported good increases during the first half of 1953 The steady growth of production in New Zealand continued and Australia made excellent recovery from the drought in 1951/1952 Available information from many Latin American Asian and African countries indicates that energetic efforts of governments, in connection with technical assistance work and general agricultural development have resulted in good progress of their dairying industries

Rising milk supplies and firm prices of butter caused an increase in butter production in many countries during the early part of 1953 During 1952 the output in Western Europe was 4 per cent below the level of the previous year while in the United States the downward trend was reversed in the autumn of 1952 preventing a decline from the 1951 level Canada recorded an increase of 9 percent against 1951 and production in Oceania during the season 1952/53 recovered strongly The position of cheese continued to be firm European production increased to 20 per cent above prewar and also the United States and Oceania produced more Output of preserved milk expanded in all major producing countries Ex

TABLE 49 EXPORTS OF DAIRY PRODUCTS FROM MAJOR EXPORTING COUNTRIES PREWAR, 1951 AND 1952

COUNTRY	Butter			Cheese			Condensed and evaporated milk			Milk powder		
	1934-38	1951	1952	1934-38	1951	1952	1934-38	1951	1952	1934-38	1951	1952
	Thousand metric tons											
Denmark	149	139	117	8	46	54	18	45	46	—	9	12
France	4	2	1	11	18	18	15[1]	18	18	—	—	—
Italy	1	—	—	24	15	19	2	—	13	—	—	—
Netherlands	50	54	50	60	73	78	162	175	199	17	22	38
Sweden	23	26	12	—	2	2	—	—	—	—	4	7
Switzerland	—	—	—	19	19	20	6	3	4	—	—	—
Canada	2	—	—	33	14	1	9	14	12	2	5	19
United States	1	3	—	1	36	2	15	106	57	2	76	46
Australia	100	34	34	9	20	20	7	42	35	2	17	23
New Zealand	140	149	180	87	108	93	3	11	12	7	37	52
TOTAL	470	407	401	252	351	312	237	413	300	30	170	199

[1] Includes milk powder

pecially strong were increases in dried skim milk, particularly in Canada, the Netherlands New Zealand and the United States

World trade in butter in 1952 declined further because of reduced production and exports from Denmark, the Netherlands and Sweden As part of the shrinkage in world exports the United Kingdom imported 16 percent less butter than in the previous year and imports into Western Germany were down by two-thirds Cheese trade was smaller too Whereas in 1951 exports from Canada and the United States had amounted to 50 000 tons, they were in the past year less than 3 000 tons On the other hand, Australia and all major European producers with the exception of Sweden, exported more

In contrast to meat, prices for milk and its products were generally higher in 1952/53 than in the previous season The only major exceptions were Canada and the United States In Canada, butter prices since May 1952 have been lower than a year before In the United States, the decline started in the last months of 1952 and in January 1953 the butter price was 16 percent lower than a year before As prices fell to support levels, the United States government purchased large quantities of dairy products. Following larger output of dairy produce in the first half of 1953, prices of cheese and preserved milk particularly started to decline in other parts also

World egg production in 1952/53 remained at the level of the preceding year The 1952 world trade in shell eggs was larger than in the previous year but there was a severe decline in dried eggs and the quantity of liquid eggs entering trade was reduced also In Western Europe, egg prices in 1952 had been generally above the 1951 level while in Canada and the United States they were considerably lower

All indications seem to promise a good season for the dairy industries in 1953/54 Grazings in the Northern Hemisphere got a good start which also improves the prospects for a good hay harvest The outlook by mid year 1953 for good supplies of coarse grains, tubers and other feeding crops is encouraging, and no serious droughts have been reported from the Southern Hemisphere The continued reduction of the number of horses in many countries may also stimulate livestock production by making more feed available

Lower meat prices in the United States and Western Europe may also encourage milk production. The United States government will continue to support milk and butterfat prices at 90 percent of parity until April 1954 which under the prevailing low meat prices should stimulate dairying Consumption of margarine continued to grow in comparison with butter and reached record levels in many countries with United States margarine consumption approaching that of butter There are no signs that the rise in production and consumption of margarine is levelling off and the competition from this cheaper substitute for butterfat will also in 1953/54 adversely affect the profitability of butter production in practically all countries and encourage the diversion to cheese and other products

Larger exportable supplies of dairy products in 1953/54 should enable world trade to expand compared with the previous season. Such expansion, however depends greatly on the easing of protectionist measures and balance of payment difficulties

FISHERIES PRODUCTS

The world catch of fish crustaceans and mollusks in 1952 has been estimated at 26,000 000 metric tons An especially large increase in Japan has to a certain extent counter balanced a slight drop in output in most of the other major producing countries. During 1952 in general, fishermen had to face a rising trend in the costs of craft fuel and fishing gear while their products were marketed at prices that had increased only slightly or even declined as compared with 1951

Catches and Landings

Major Producing Countries Canada (including Newfoundland), the United States China Japan, Norway the United Kingdom and the U.S.S.R are the largest fish producing countries in the world. Accurate data are not available on the recent output of China and the U.S.S.R. but some evidence seems to indicate that it is increasing Japan increased its production from 3,803 000 tons in 1951 to 4 700 000 tons in 1952 (23 percent increase) In Canada, the United States the United Kingdom and Norway the 1952 production was between 1 and 5 percent less than in 1951 (Table 50)

Medium Producing Countries This group includes the Union of South Africa (including South West Africa) India Korea, the Philippines, Den

TABLE 50 TOTAL ANNUAL CATCH OF FISH CRUSTACEANS AND MOLLUSKS BY SELECTED COUNTRIES, PREWAR AND 1947 5

COUNTRY	1938	1947	1948	1949	1950	1951	1952
	Thousand metric tons						
GRAND TOTAL	12 441 8	12 328 3	12 378 9	13 108 5	14 316 2	15 109 [illegible]	16 391 8
MAJOR PRODUCERS	8 904 5	8 5 2 1	8 573 6	8 898 1	9 895 4	10 013 9	10 856 9
Canada	778 9	914 2	977 1	915 2	903 5	948 0	[1]940 0
Japan	3 5 1 1	[illegible] 967 1	2 453 8	2 990 4	3 793 6	3 790 [illegible]	4 [illegible]4 2
Norway	1 132 6	1 196 1	1 504 0	1 297 3	1 467 [illegible]	1 833 5	1 798 8
United Kingdom	1 107 1	1 149 6	1 [illegible]05 7	1 158 7	938 5	1 085 8	[1]1 100 0
United States	2 314 8	2 315 1	2 433 0	2 546 5	[illegible] 65[illegible] 1	2 344 9	[illegible] 343 9
MEDIUM PRODUCERS	2 716 0	2 800 8	[illegible] 0[illegible]1 9	3 042 1	3 179 3	3 819 1	4 124 6
Denmark	96 1	205 4	225 8	255 0	231 2	292 4	323 9
France	479 4	352 2	434 6	435 1	432 0	403 6	[1]500 0
Germany Western	779 0	302 0	413 3	513 2	555 3	680 0	663 2
Iceland	274 3	477 [illegible]	404 7	394 2	367 8	417 8	[1]400 0
Netherlands	228 8	278 7	281 0	249 4	244 0	280 0	298 3
Philippines	270 0	231 4	193 1	239 0	220 2	295 6	323 6
Portugal	229 3	281 5	273 2	281 2	307 3	307 5	333 2
Spain	209 1	572 4	534 2	551 0	576 5	592 2	632 4
Union of South Africa[2]	[1]50 0	[1]80 0	100 0	[1]125 0	225 0	490 0	[1]650 0
SELECTED SMALLER PRODUCERS	731 3	953 4	1 083 4	1 223 3	1 271 5	1 276 2	1 410 3
Angola	26 2	52 0	114 8	130 6	135 5	1 6 5	180 0
Argentina	65 3	63 1	1 2	63 9	55 3	75 7	[1]90 0
Belgium	42 8	81 2	70 9	68 3	60 4	56 6	68 6
Brazil	103 3	139	144 8	152 6	[1]155 0	160 0	[1]170 0
Chile	30 6	60 1	64 7	70 2	86 7	93 0	94 4
Faeroes	30 0	[1]50 0	[1]60 0	[1]110 0	[1]115 0	92 7	[1]95 0
French Morocco	30 3	50 4	53 8	96 3	123 2	90 9	121 8
Finland	22 4	46 0	46 0	65 7	65 8	65 0	57 5
Hong Kong	29 0	1[illegible] 0	21 2	27 0	31 0	31 0	[1]35 0
Ireland	12 7	21 5	25 9	18 2	15 1	14 0	18 5
Italy	195 2	182 0	170 3	180 0	190 2	184 0	212 1
Sweden	143 5	178 8	207 8	202 2	203 3	200 0	228 9
Belgian Congo	10 0	16 6	30 0	37 3	[1]35 0	35 6	48 5

NOTE: These countries have a total catch representing 80 percent of the estimated world total (21 000 000 tons which excludes an estimated 5,000,000 tons from China and the U.S.S.R. Data based on the round (whole) fresh weight basis.
1 Provisional estimates.
2 Including South West Africa

mark, France, Western Germany Iceland the Netherlands Sweden, Portugal and Spain

The output of the Union of South Africa (including South West Africa) shows the largest gain in this group and was some 20 percent higher than in 1951 For the others, small decreases in the cases, for instance of Western Germany and Iceland were offset by slight increases in Denmark and the Netherlands

Small Producing Countries This group includes all the other countries which usually produce less than 250 000 tons annually In some instances these countries have shown fairly large percentage changes for the 1952 output but as the production in the countries involved is not large these changes have only a local significance if any and no effect on the world trade and consumption

Fresh, Chilled or Frozen Fishery Products

Although frozen commodities are relatively new the rapid postwar development of freezing processes has brought them to a level approximating in importance to the output of cured and canned fish.

In Canada, production of frozen fillets steadily increased from 15 900 tons in 1947 to some 30 000 tons in 1952 A similar expansion occurred in Iceland, Norway and Japan and other countries which are important suppliers to the United States The United States 1952 output of frozen fish amounted to 142,100 tons slightly less than in 1951 largely as a result of a decline in frozen ocean perch fillets

The United States is the world s largest market for fresh or frozen fillets of cod, haddock and

similar species, and ocean perch. Total annual consumption increased from 49,400 tons in 1930 to 107 000 tons in 1951-52. Domestic production remained fairly stable during 1948-52 the increase in supplies came entirely from a rapidly developing import trade which doubled from 1948 to 1952.

Fresh Chilled or Frozen Fish The postwar trend in the international trade in fresh, chilled or frozen fish, as shown in Table 51 shows a slight increase in 1952 over 1951 Both years were higher than 1950 when a recession occurred. The general food shortages immediately after World War II encouraged a high volume of exports from Iceland and Norway in the years 1947-49 into Western Germany and the United Kingdom In 1952 direct Icelandic landings in the United Kingdom showed a sharp drop as a result of the dispute with the United Kingdom.

Fresh, Chilled or Frozen Mollusks. Fresh, chilled or frozen mussels and other mollusk exports amount to approximately 90 000 tons (which includes a high inedible percentage) annually the bulk of which is accounted for by the Netherlands and Denmark. This level remained stable during 1947 52 and approximated the 1938 level. The bulk of the imports are accounted for by Belgium, Luxembourg and France

Fresh and Frozen Crustaceans The international trade in fresh and frozen crustaceans (lobsters, spiny lobsters, shrimps and crabs) amounts annually to some 40 000 tons The United States import trade in fresh and frozen shrimps has increased rapidly during the postwar years from 6,000 tons in 1947 to 19 000 tons in 1951 This increase in the import supply came mainly from Mexico although 1952 was a poor year The United States absorbs the bulk of the world s output of fresh and frozen rock lobster tails exported principally from the Union of South Africa South West Africa, Cuba and Australia.

Cured Fishery Products

Stockfish Stockfish (cod and similar species dried only without salting) are produced mostly in Norway and to a lesser extent in Iceland and Japan The output of Iceland increased during 1951-52 while that of Japan fluctuated during the postwar years at levels much lower than prewar

The Norwegian production was 25 000 tons in 1938 and between 9 000 to 23,000 tons in 1947-51 with a small decline in 1952 (22,000 tons compared with 23,000 for 1951) The 1953 production is likely to be even smaller due to the failure of the coastal cod fishing in the spring

Virtually all the Norwegian output of stockfish is exported to Italy and British territories in West Africa and the exports vary closely with production. The Italian market where the consumption is confined mainly to a few regions such as Tuscany and Venetia after the drop in 1949 was stabilized during the three years 1950-52 at levels of 8,000 to 10 000 tons with steady wholesale and retail prices.

TABLE 51 EXPORT TRADE IN SELECTED FISHERY COMMODITIES, 1938 AND 1947 52

COMMODITY	1938	1947	1948	1949	1950	1951	1952
	Thousand metric tons						
Fish, fresh chilled or frozen[1]	330 0	465 1	615 2	612.0	420 7	514 7	516 6
Crustaceans and mollusks, fresh or frozen[2]	53 2	62 3	69 [illegible]	86 3	70 2	84 0	80
Cod and similar species, salted[3]	185 0	157 0	153 0	112 6	167 2	187 8	193 7
Stockfish[4]	26 5	13 5	12 0	7 8	16 7	21 8	23 7
Herring and similar species, cured[5]	298 3	300 5	240 0	238 0	180 4	207 0	207 8
Pacific salmon, canned[6]	44 1	44	13 7	[illegible] 6	15 8	16 6	13 9
Herring and similar species, canned[7]	90 2	162 1	137 2	148 5	173 8	170 0	91 7
Fish meals and similar products[8]	1[illegible]4 6	31 2	91 6	69 4	147 0	2 9 8	214 7

[1] External trade of 4 big exporters (Canada, including Newfoundland Denmark, Iceland and Norway) and of 5 medium size exporters (Faeroe Islands, Japan, Netherlands, Sweden and United Kingdom).
[2] Exports from Canada, Denmark, Mexico, Netherlands, Norway
[3] Exports of wet salted and dried salted cod and similar species from Canada (including Newfoundland), Denmark (excluding the Faeroes), France Iceland and Norway
[4] Exports from Iceland and Norway
[5] Exports of salted smoked marinated etc herring and similar products from Canada (including Newfoundland) Iceland Netherlands, Norway and United Kingdom
[6] Exports from Canada and United States (including Alaska).
[7] Exports from Canada, French Morocco (except for 1952), Netherlands, Norway Portugal, United Kingdom and United States
[8] Exports from Angola, Canada, Iceland Netherlands and Norway

Salted Cod The world production of salted cod averaged annually 260 000 tons (dried weight basis) during the interwar period 1920-39 (See Table 52) During the 1930 s a strong tendency to turn away from salted cod production to fresh and frozen fillets under the stimulus of the United States import market became perceptible in Canada and Newfoundland This tendency was strengthened during the postwar years and became noticeable also in Iceland and to some extent in Norway A diversion of cod landings to the production of dried-salted products tends to occur whenever the fresh and frozen fish prices for these two commodities are not remunerative enough. During the 1940 s salted cod output in the Scandinavian countries was at a low level compared with prewar years because of a sharp increase in demand for fresh fish immediately after the war In 1950-52 an increasing trend towards the production of salted cod appeared in Iceland which had been slow in reviving her postwar salted cod trade The Portuguese and Spanish production for domestic consumption continued to increase and in spite of the downward tendency in Canada world production of salted cod was maintained at a high level in 1952

In Iceland and the Faeroes the postwar tendency has been to export wet-salted commodities rather than finished dried-salted products

In 1952 Canada exported 54,700 tons (53 500 tons dried weight) of salted cod products 12,000 tons less than in 1950 and 1951 and approximately 25 000 tons less than in 1938. As a result of the dispute with the United Kingdom, Icelandic exports of fresh and frozen fish dropped in 1952 and the raw materials were switched to the processing of salted cod with the result that exports from this country of the cured products increased rapidly and amounted to 49 600 tons (35 400 tons dried weight basis) Norwegian exports in 1952 of 58,500 tons of dried-salted fish made it a record year for the last three decades

There was a slight increase in the total exports from Canada (including Newfoundland) Denmark (excluding the Faeroes) France Iceland and Norway

Among importers, Spain and Portugal import appreciable quantities to augment their own domestic supplies while the other large markets are dependent entirely on outside sources for their total supplies

The Italian market was reported to be quite weak as a result of the heavy imports in 1952 and a decline in demand during the 1952/53 winter Considerable stocks on hand have depressed the prices and the poor quality of some imports has caused a drop in demand. Increased fresh fish production in Italy may also influence the demand for salted cod

Salted Herring Salted herring is produced chiefly in Western Germany the Netherlands Norway and the United Kingdom During the interwar period the world demand for salted herring had declined and the export markets were restricted as a result of trade barriers, which became particularly intense after the world depression of the early 1930 s During the immediate postwar years 1947-49 there was a temporary increase in the demand as a result of the general food shortages However with the improvement of the food position the decline in the export outlets discouraged curing from 1950 onwards and the reduction industries in various countries have been taking increasing proportions of the landed quantities for processing to meal and oil

The production of salted herring was maintained in 1952 at approximately the same level as in 1951 which is, however only two-thirds of the 1938 volume An improvement in the export situation has been taking place in 1951-53 and the North Western European producers are active in expanding sales to the traditional markets for these exports in the U.S.S.R and Eastern Europe

Canned Fishery Products

Pacific Salmon. The catch of Pacific salmon in 1952 was smaller than in 1951 as a result of the two-year cycle and even smaller than the 1948-50 catches In British Columbia it was not only the natural fluctuation in the resource which was responsible for the smallest pack since 1944 but also price disputes, strikes, tie-ups, etc which prevented the full utilization of the fishing potential. These economic difficulties arose from the marketing difficulties caused by the large carryover from the exceptionally good year of 1951

Canada has been experiencing grave difficulties in its traditional Commonwealth markets which took very little of the big 1951 pack and virtually nothing in 1952 The North American market has, however been strengthened by the news of the United Kingdom buying large quantities of Canadian salmon in 1953

Herring and Similar Species This group includes a great variety of canned packs that vary according to species, ingredients and packing

In the United States the total production from shad, Maine sardines and sea herring California pilchards, alewives and anchovies dropped to 35,700 tons or one-half of the 1951 output which in turn was only 50 percent of the 1950 output This decrease was caused by a drastic decline in the California pilchard pack from 103,500 tons in 1950 to 2,200 tons in 1952 due to a complete failure of the fishery United States canned packs from Maine sardines and sea herring doubled to 31 700 tons in 1952 which was still less than the 35 400 tons in 1950 Norway's production of 22,000 tons in 1952 was the lowest since 1947 In French Morocco, experiencing export difficulties, the 1952 output was slightly less than in 1951 Portugal shows a 20 percent excess in 1952 over 1951 as a result of increased abundance in the natural resource Increases also took place in the pack from the Union of South Africa with the continued increase in fishing and canning facilities In Japan, in spite of a rapid expansion as part of the postwar rehabilitation during 1949-1952, the 1952 output of 21 000 tons was still less than the 1938 production of 28,200 tons

Exports in 1952 from Portugal, Canada and the Netherlands increased but not enough to offset the drop in exports from the United States, where the failure of the California pilchard fishery reduced exportable surpluses, French Morocco and Norway Total exports to markets all over the world from seven producing countries which in 1950-51 aggregated annually to approximately 170 000 tons declined in 1952 to some 92,000 tons.

TABLE 52. PRODUCTION OF SELECTED FISHERY COMMODITIES, 1938 AND 1947-52

COMMODITY	1938	1947	1948	1949	1950	1951	1952
	Thousand metric tons						
Frozen products							
Fish, crustaceans & mollusks		259 7	337 9	395 7	352 2	612 7	653 0
Cured products							
Herring, alewives and similar species	460 1	451 0	503 4	428 8	332 4	395 8	396 4
Cod, salted (dried weight basis)	260 0	256 0	233 0	274 0	300 0	287 0	280 0
Stockfish	47 2	17 9	17 0	11 0	21 8	27 4	27 4
Canned products							
Salmon	195 7	165 6	133 5	161 6	125 6	143 8	124 9
Herring, sardines, pilchards and similar species	238 0	267 0	281 0	354 0	426 0	318 0	303 0
Tuna, true mackerel and similar species	86 0	108 0	134 0	117 0	158 0	147 0	164.0
Crustaceans and mollusks		39 0	41 0	38 0	38 0	49 0	46 0
Oils and fats							
Whale and other aquatic mammal oils and fats[1]	617 8	371 8	414 5	441 3	434 7	503 4	493 9
Fish body liver and viscera oils	217 9	133 4	167 6	162 9	220 3	272 9	284 0
Meals and other feeding stuffs							
Fish meals	910 8	395 1	545 7	600.9	748 5	812 7	850 5
Whale and other aquatic mammal meals		19 9	25 2	27 4	26 2	26 5	26 7
Animal food, spp. n.s. canned		19 8	25 9	42 1	59 3	51 0	76 2

NOTE: Production on net product weight basis in certain major producing countries with revisions in data already published in FAO's *Yearbook of Fisheries Statistics*.
[1] The whale and sperm oil production in the Antarctic (pelagic and shore based operations) amounted during the 1952/53 season to 353,800 metric tons compared with 421,200 tons in 1951/52.
Not available.

Tuna The bulk of the canned tuna is produced in California and other Pacific maritime states of the United States After World War II the United States production under an expanding domestic demand increased rapidly and the peak was reached in 1950 with 79 100 tons compared with 71 900 tons in 1951 78 600 tons in 1952 and 22,200 tons only in 1938.

The Japanese postwar production, under the stimulus of increasing exports to the United States market, expanded rapidly in 1950-52 to a total of 22,300 tons in 1951 and 34,400 tons in 1952

Before 1950 the entire United States imports of canned tuna were in oil and, with the rehabilitation of the Japanese canning industry these imports increased from 2 000 tons in 1949 to over 16 500 tons in 1950 However when the United States imposed duty imports of tuna canned in oil dropped to 1 600 tons in 1951 and 1 900 tons in 1952 As this duty does not apply to tuna canned in brine, the United States imports of this commodity negligible before 1950 increased from 200 tons in 1950 to 4 300 tons in 1951 and 8,600 tons in 1952 Japan was the main supplier of all the fresh and canned tuna, while Peru and other South American countries contributed small amounts Total imports mainly from Japan of fresh and frozen tuna, virtually all for delivery as raw material to canneries in the United States, amounting to 6,200 tons in 1938 4,200 tons in 1947-48 increased rapidly to 31 300 tons in 1952

Miscellaneous Products In addition to small quantities of miscellaneous canned fish, crustaceans and mollusks products for human consumption, the United States produced annually a large size pack of canned fish for animal food and pet food, which in 1952 had a value of nearly $15 600 000 The production of canned fish for animal food increased rapidly during postwar years, as indicated by the figures in Table 52

Fish Meals

The 1952 output of fish meals (including aquatic mammal meals, the output of which will not increase substantially above the present annual average of some 26 000 tons) was 870 000 tons, which was 300 000 tons more than in 1948 This rapid postwar increase is mainly accounted for by Norway the Union of South Africa, Angola and the United States and Canada under the stimulus of an expanding demand for livestock feeding in the advanced agricultural regions

As a result of the complete failure of California pilchard fishery in 1952 the United States output of pilchard meal dropped to less than 400 tons The continued expansion of the menhaden production, however more than balanced the decrease in ouput of fish meals and the 1952 menhaden meal production amounted to 180 700 tons which is an increase of 26,000 tons over that of 1951 The United States production of fish solubles shows a rapid postwar increase from 8 900 tons in 1947 to 46,000 tons during 1949-51

The fish meal industry in the Union of South Africa and South West Africa, based on the rapid expansion of the Atlantic pilchard and maasbanker catches increased its output from a negligible quantity in 1947 to over 71 100 tons in 1952

While Norway's output of meals, other than herring meal remained fairly stable during 1947 1952 at the 14,000 to 19 000 tons level annually compared with 16,000 tons in 1938 its herring meal output in 1951 and 1952 was more than twice the 1938 output of 88,300 tons In 1952 the Norwegian output amounted to 202 000 tons of fish meal.

In the United Kingdom a steady increase in production took place during the postwar years from 41 000 tons in 1947 to 77 000 tons in 1951 The rehabilitation of the fisheries of Western Germany is reflected also in the output of fish meal, which increased from 16,600 tons in 1948 to 63,300 tons in 1951 this is slightly less than the 73 600 tons of 1938. Japan, the world s largest fish meal and fertilizer producer in prewar years has not yet resumed its place as a significant producer and its 1952 output of 89 500 tons was virtually all fertilizer

The rapid increase in the postwar external trade in fish meal is shown in Table 51 Angola, the Union of South Africa, South West Africa, Canada, Iceland and Norway were major exporters. The United States Belgium, Luxembourg, Denmark, Germany the Netherlands, the United Kingdom and Austria are among the largest importers The Netherlands importing over 31 000 tons annually in 1950-51 disappeared as a significant market in 1952 when only 4,100 tons were imported

Aquatic Animal Oils and Fats

As a result of unfavorable weather in the Antarctic in 1952/53 there was an appreciable drop in the number of whales caught and the quantity of whale oil produced Only 14,855 blue whale units were caught by the pelagic expeditions in the Antarctic which is appreciably less than the

16,000 units level stipulated by the International Whaling Convention of 1946.

The production of fish oils showed a steady increase during the postwar years and during 1947-1951 it doubled and during the latter year it amounted to 273,000 tons compared with 133,400 in 1947 and 218,000 tons in 1938. In the United States, the production has been declining as a result of the drop in output from the California pilchard fishery and the Alaskan herring fishery although partly counterbalanced by the increased output from the menhaden fishery

FATS, OILS AND OILSEEDS

Current Situation

World production of fats and oils is now about 10 percent above the prewar level. However as world population has risen about 16 percent production per caput remains slightly below prewar Production in Europe has recovered from the war time low and is now 10 to 15 percent larger than before the war but in the Far East, notably in China and Indonesia production is still below prewar North American production has increased substantially and is now about 50 percent above prewar

Despite the increase in world production, world indigenous exports of fats, oils and oilseeds in terms of oil, remain smaller than prewar as consumption has increased materially in some of the countries that were large exporters before the war World exports in 1934-38 including whale oil from the Antarctic, averaged 6.1 million metric tons These exports had fallen to only 2.2 million metric tons by 1945, then steadily rose to 5.7 million tons in 1951 but declined to about 5.1 million tons in 1952 (Table 53)

The decline in 1952 reflected smaller export supplies of some items and a reduced import demand for others Argentine exports of linseed and linseed oil in 1952 declined by 280 000 tons, in terms of oil, mainly as a result of a partial failure of the linseed crop harvested in November December 1951 Argentine exports of sunflower seed oil in 1952 declined by 70 000 tons, mainly because of the small crop in the spring of that year With the Indonesian coconut crop

TABLE 53. WORLD INDIGENOUS EXPORTS[1] OF FATS, OILS AND OILSEEDS IN TERMS OF OIL, BY REGION AND BY TYPE, 1938 AND 1950-52

ITEM	1938	1950	1951	1952[2]
BY REGION	*Thousand metric tons*			
Europe[3]	492	402	406	293
North America	133	1 004	1 130	1 058
South America	665	590	596	179
Asia	2 682	1 513	1 761	1 517
Africa	1 149	1 353	1 102	1 249
Oceania	396	378	354	419
Antarctic	566	344	348	371
WORLD TOTAL	6 083	5 573	5 695	5 086
BY TYPE				
Butter fat content	600	405	250	333
Lard	166	200	351	317
Liquid edible oils[4]	1 797	1 310	1 313	1 090
Hard oils[5]	2 193	2 410	2 518	2 476
Whale and fish oils[6]	668	512	512	503
Drying and miscellaneous oils	55	676	651	367
WORLD TOTAL	6 083	5 573	5 095	5 086

[1] Includes only indigenous oilseeds and oils produced from indigenous materials Trade among Eastern European countries and the U.S.S.R. is not included in postwar years.
[2] Preliminary
[3] Excluding U.S.S.R., except in 1938.
[4] Chiefly groundnut, soybean, cottonseed, olive, rapeseed, sunflowerseed, and sesame oils and oil equivalent of groundnuts, soybeans, cottonseed, rapeseed, sesame seed.
[5] Chiefly coconut palm, and palm kernel oils, tallow greases, and oil equivalent of copra and palm kernels
[6] The entire production of whale oil in the Antarctic is counted here as an export. Sperm oil and fish liver oils are not included in these figures
[7] Chiefly linseed, castor and tung oils and oil equivalent of linseed and castor seed.

substantially reduced from the unusually high level of the preceding year world exports of copra and coconut oil in 1952 were down by 180 000 tons in terms of oil. Exports of soybeans and soybean oil from the United States declined by 130 000 tons, oil equivalent, reflecting a substantial reduction in Italian and Spanish imports These had been unusually large in 1951 to supplement small domestic supplies of olive oil. The only items showing a substantial increase in 1952 were inedible tallow and greases, with an increase of 90 000 tons from the United States and palm oil, with an increase of nearly 50 000 tons from Nigeria and Indonesia.

Net imports into eleven Western European countries in 1952 were about 2 9 million metric tons, as compared with 3.4 million tons in 1951 the peak postwar year Imports were exceptionally large in late 1950 and early 1951 as a result of a strong demand for fats and oils to add to stocks. This demand declined during the latter part of 1951 however and in 1952 dealers and users as well as some governments, apparently were reducing the unusually large stocks accumulated in previous years.

Estimated production of fats and oils in the eleven Western European countries, plus net imports, averaged about 5 4 million metric tons in 1951 and 1952 compared with 5 1 million metric tons in 1934-38 The estimated supply

TABLE 54. FATS AND OILS (EDIBLE AND INEDIBLE): INDIGENOUS PRODUCTION AND IMPORT BALANCE OF 11 WESTERN EUROPEAN COUNTRIES [1] PREWAR AND 1949-1952

PERIOD	Pro duc-tion[2]	Import bal ance[3]	Apparent consumption: Quantity	Apparent consumption: Per person [4]
	Million metric tons			*Kgs.*
Prewar	2 1	3 0	5 1	24 5
1949	1 8	2 8	4 6	20 3
1950	2 1	3 1	5 2	23 0
1951	2 2	3 4	5 6	24 5
1952	2 4	2 9	5 3	23 0

Belgium-Luxembourg, Denmark, Federal German Republic, France, Italy, Netherlands, Norway Sweden, Switzerland and United Kingdom. Prewar figures for Germany have been adjusted t represent only the area now included in the Federal Republic.

[2] Estimated production from indigenous materials in the calendar year indicated.

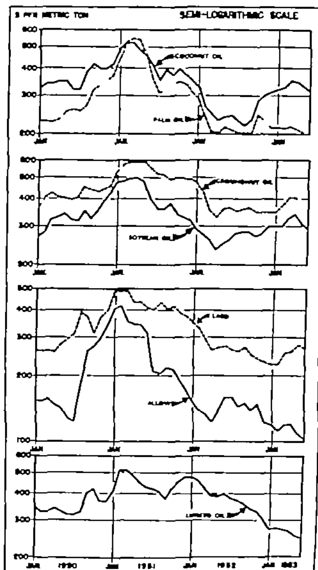
[3] Imports minus exports oilseeds are included in terms of oil.

Computed from numbers carried to thousands of metric tons.

Average 1934-38 or 1936-38.

[4] Preliminary

FIGURE 10 - MONTHLY AVERAGE PRICES OF FATS AND OILS IN INTERNATIONAL MARKETS 1950-53



Notes: Prices are compiled from The Public Ledger (London) and re converted to U.S dollars at official rates of exchange.
Palm oil Belgian Congo, bulk, c.i.f., European port.
Coconut oil: Straits, 3 or 3½ % bulk, c.i.f., European port.
Groundnut oil: Indian, bulk, c.i.f. European port
Soybean oil: American, crude f.o.b
Lard Refined, 37-lb. tins, f.o.b. N.Y
Tallow (inedible) fancy, bulk, f.o.b. N Y
Linseed oil Belgian, bulk, f.o.b.

per caput in 1951 and 1952 averaged 23 8 kilograms, slightly below the prewar level of 24.5 kilograms

After declining substantially from spring 1951 to spring 1952, prices of fats, oils and oilseeds in international markets showed varying trends according to the commodity From April 1952 to April 1953 there were substantial increases in the prices of coconut oil and liquid edible vegetable oils little change in the prices of palm oil

and tallow and declines in the prices of lard and linseed oil

The general level of international market prices of fats and oils, as indicated by a weighted average of 7 major items, rose 20 percent from April 1952 to April 1953 From April to June 1953 there were declines in prices of most items.

The rise in coconut oil and copra prices was largely due to the decline in production and exports in Indonesia and the Philippines, which began in the spring of 1952 Total exports from these two leading exporters were 26 percent smaller in the last 9 months of 1952 than a year earlier and continued at a low level in the first 6 months of 1953

The government price support program for cottonseed in the United States resulted in the movement of about 400 000 tons of cottonseed oil into government stocks in the 1952/53 marketing year United States prices of cottonseed oil and of its chief domestic competitor soybean oil, rose in late 1952 and early 1953 and since the United States is an exporter of these oils, international market prices of all liquid edible vegetable oils also tended to rise

Production of inedible tallow and greases in the United States remained at a high level in 1952 and early 1953 United States production of soap the principal outlet for inedible tallow and greases, declined moderately owing mainly to the competition of synthetic detergents the United States exportable surplus of these fats thus increased and exports rose to a new high. World production and exports of palm oil also rose in 1952 However since coconut oil competes with tallow in soap manufacture and competes with palm oil in both soap and food uses, the decline in coconut oil supplies was a price supporting factor for palm oil and tallow

The decline in the price of lard during 1952 was due to continued high production in the United States and a fall in exports during the latter part of 1952 But with a sharp fall in production in early 1953, lard prices rose in the spring

The price of linseed oil was high at the beginning of 1952, having already risen to discount the exceptionally poor Argentine linseed crop harvested in late 1951 During 1952 and the first half of 1953, the price of linseed oil declined almost continuously Some countries were able to meet part of their requirements from large stocks on hand at the beginning of the year Also exports were forthcoming from countries other than Argentina, and the supply outlook for 1953 became increasingly favorable

Outlook

Prospects in early summer 1953 indicated a slight increase in world indigenous exports for the year provided that growing conditions for Northern Hemisphere crops remain favorable Exports of Nigerian groundnuts and groundnut oil are likely to rise as a result of an improvement in the rail movement from Northern Nigeria to seaports. Supplies of liquid edible vegetable oils in the United States are substantially larger in 1953 than in 1952 reflecting an increased {carry over into 1953 But the total quantity of these oils that will be commercially available in 1953 whether for domestic use or for export will depend partly on the government's policy with regard to its stocks of cottonseed oil accumulated in 1952/53 World exports of hard oils probably will reach about the same total in 1953 as in 1952 Further declines in exports of Philippine and Indonesian copra are likely to be about offset by increases in world exports of palm oil and United States exports of tallow and greases. The catch of whales in the Antarctic in the season ended 16 March 1953 was smaller than a year earlier and production of whale oil declined about 9 percent A moderate decline in exports of lard from the United States the world's major exporter is likely in 1953 United States production of lard in 1953 probably will fall about 10 percent, reflecting reduced hog production.

With the increased crop of linseed harvested in late 1952, Argentine exports of linseed oil are likely to rise substantially in 1953 from the extremely low 1952 level of 40 000 tons (including some linseed in terms of oil) These exports totalled about 35 000 tons in January-June 1953 Argentina is the leading world exporter of linseed oil.

FRESH FRUIT

The principal kinds of fruit entering world trade — apples, pears citrus bananas — have been produced in steadily increasing quantities in postwar years, most regions sharing in this increase The only exceptions are production of grapes (including wine grapes) which shows no marked change and of dried fruits World trade on the other hand, has been smaller in volume for all principal kinds other than pears and grapefruit, which form a relatively small part of the total, and dried fruit which has changed little a decrease in raisins offsetting an increase in dates

On balance, fruit supplies are larger and consumption is expanding in both importing and exporting countries. Broad movements in production and trade are summarized in the following table

TABLE 55. INDEX OF PRODUCTION AND TRADE IN MAJOR FRESH FRUITS

COMMODITY	Production 1947-51	Trade 1948-51	Exports 1948-51 average
	1934-38 = 100		Thousand tons
Table Apples	130	82	565
Table Pears	108	107	157
Oranges, Tangerines	140	87	1 588
Grapefruit	157	114	125
Lemons	132	76	213
Bananas	131	88	2 200

Europe

More than half of the total fruit entering world trade finds its market in a relatively small number of importing countries in Western Europe. In fact except for banana exports, which in tonnage are the main item in the fruit trade and which are directed largely to the United States, European countries absorbed three-quarters of average world exports in 1948 to 1951 and even more in prewar years. The shrinking in world trade since prewar years is the result of a reduction in the imports of European countries the imports of the rest of the world remaining virtually unchanged. In the period 1948-51 European fruit imports were 17 percent less than prewar. In 1952 United Kingdom imports of fresh fruit decreased 19 percent against 1951 whereas Western Germany increased imports by 27 percent (mainly citrus and bananas) and France by 5 percent. The Scandinavian countries also increased their imports.

At least half of the imports into European countries are supplied by other European countries. These exporters are tending to increase their share in a reduced market so that other suppliers have had to bear the brunt of the contraction.

The largest item in European imports is oranges which recovered their prewar level in 1950 and exceeded it in 1951 and in 1952. The European suppliers did not recover their prewar level of exports until 1951. Africa having meanwhile increased its exports considerably. France now the leading importer takes a large proportion of its increased imports from French North Africa. Germany is again as important a market as before the war but the United Kingdom imports are still substantially below prewar.

European imports of lemons, very largely of European origin, have recently averaged some three-quarters of the prewar levels, owing partly to the effects of diseases in producing countries. European imports of grapefruit are also consistently below prewar imports from the United States the main supplier being limited by exchange shortage.

European apple production is more than half as large again as in the prewar years. The exporting countries show a relatively greater increase but European importers now take substantially smaller quantities of apples, while imports of pears show little change. A considerably larger proportion of both is now obtained from European suppliers, the Netherlands, Italy, Denmark and Belgium exporting larger quantities although Western Germany and the United Kingdom remain the only considerable importers. Exports of apples from Canada, the United States and Australia, the three largest and the only considerable exporters of apples, have shrunk correspondingly.

Imports of bananas into Europe have averaged some 80 percent of the prewar quantities, Africa having gained as exporter at the expense of Central America. The United Kingdom's imports are much below prewar quantities, but other European countries show a general and substantial increase.

Developments in Other Regions

In North America, there has been little change in apple production, but a significant increase in pear production. Exports of both these fruits from this region have declined substantially. On the other hand, production of citrus fruits, notably oranges, which is almost entirely concentrated in the United States has expanded greatly. Exports of oranges and grapefruit have also grown (by 40 percent), though not to the same extent as production. This increase together with an increase in United States exports of fresh grapes, is based solely on the expanding Canadian market. Europe despite heavy United States export subsidies, has been a shrinking market. The movement of bananas from Central America to North America, representing the bulk of the world banana trade is only slightly below the prewar volume. Shipments to other regions, however are now smaller.

Banana exports from South America, reflecting an upward trend in production, have increased by 10 percent since prewar years, but exports of oranges are down 50 percent Brazil having lost much of its former European market Deciduous fruit exports, largely to destinations within the region, show expansion

Asia s citrus fruit exports have been significantly smaller in postwar years, especially since the partition of Palestine Banana exports, mainly from Taiwan, are also greatly reduced. Malayan pineapple production and exports are also much smaller

In Africa — as in South America and Asia — citrus fruit and bananas are the principal fresh fruit exports and a rapid expansion of production and exports has occurred since the war The bulk of the exports goes to Europe and the sharp competition in that market with subsidized citrus exports from other regions is causing some concern with regard to the marketing of the still increasing output

In Oceania, the main feature has been the decline in apple exports due to the European expansion, though 1952 brought some recovery

Supplies for Consumption

A calculation of total supplies for domestic consumption of the principal fresh fruits (apples, pears oranges and bananas) in a few importing and exporting countries indicates a very substantial increase during the last few years compared with the 1934-38 period. On the average supplies have increased more in the principal exporting countries than in the importing countries but, with the exception of the United Kingdom, total commercial supplies have increased largely in all countries. The United Kingdom supplies are down to about 90 percent of prewar as supplies of oranges and bananas were respectively 66 percent and 52 percent only while apple supplies have increased 25 percent and supplies of pears 54 percent. Apples and pears account for a substantial part of the increase in most net importing as well as net exporting countries In France however the greater increase has been in oranges and in Spain in supplies of oranges and bananas

Table 56 Supplies for Home Consumption[1] of Table Apples and Pears, Oranges and Bananas, in 11 Selected Countries

Country	1934-38 average	1949-51 average	1952	1949-51 average	1952	Population 1951
	Thousand metric tons			Percentage of 1934-38 average		Percentage of 1937
Main Importers						
Germany Western	1 461	2 057	2 519	141	172	122
France	749	1 160	1 370	155	183	102
United Kingdom	1 431	1 285	1 202	90	88	107
Belgium Luxembourg	391	622	684	164	180	104
Canada	316	503	483	145	140	123
Switzerland	167	314	436	188	261	114
Sweden	195	315	352	162	180	113
Total (7 countries)	4 730	6 256	7 106	132	150	111
Main Exporters						
United States	6 433	8 846	8 346	137	130	120
Italy	694	1 219	1 642	176	237	110
Spain	[2]411	770	739	188	180	112
Netherlands	[3]203	342	414	168	204	119
Total (4 countries)	7 741	11 177	11 141	144	144	117
Grand Total (11 countries)	12 471	17 433	18 247	140	146	114

[1] Production + imports exports of fresh fruit. No adjustment has been made for imports and exports of canned fruit or fruit juices.
In calculating available supplies in Western Germany in prewar it has been assumed that 75 % of total supplies in prewar Germany was consumed by the 61 % of the population living within the borders of the present Federal Republic plus W. Berlin
[2] 1931-35 average
[3] 1935-39 average

Outlook

The rapid postwar expansion of deciduous fruit production in Western Europe and the even more rapid expansion of orange production in the United States and in the Mediterranean region have caused some concern about future marketing as new plantings continue on a large scale This concern is increased in years of bumper crops On the other hand, demand for fresh fruit is increasing in most countries and there has been a very marked increase in total consumption in North America and in several continental European countries. A high rate of employment and income and the greater appreciation of the importance of better balanced diets have accounted for this expansion. In the United States the demand for citrus juices has opened a new outlet and now accounts for approximately 50 percent of orange consumption

A considerable relaxation of the United Kingdom restrictions imposed in November 1951 and March 1952 was announced in March 1953 and may result in a substantial increase in imports during 1952/53

Other European countries may also increase their imports On the other hand, any economic recession in Western Europe might immediately lead to restrictions on fruit imports and the highly specialized citrus exporting countries, such as Spain, French North Africa, Italy and Israel, are extremely vulnerable to further limitations in outlets for their export supplies The competition among these countries is very sharp as is indicated by the special government measures applied to promote exports

WINE AND RAISINS

The postwar years have brought economic difficulties to the grape industry in the principal producing countries Demand for dried fruit has generally been weaker and so has the demand for wine in both importing and exporting countries High taxes on wine and quantitative import restrictions have limited the outlets for wine exports At the same time competition from other beverages, in particular beer and some non-alcoholic drinks, has limited wine consumption even in some of the principal wine producing countries

Total wine production in the last few years has, on the average been at the same level as in the years 1934-38, France, Algeria, and Spain showing a decrease Argentina and Italy minor increases but the United States a two to three fold increase

Wine exports have decreased some 10 percent since 1934-38, though they increased from France and Portugal. On the whole however exports account for only a small percentage of production

French beer production in recent years has amounted only to one-third of the prewar level, whereas Italian beer production has more than doubled in the same period. French wine consumption per caput and year averaged 118 liters in 1934-38 against 92 liters in 1950/51 Italian per caput consumption was approximately 90 liters in 1950 against 85-90 liters prewar Italian and French wine prices have increased relatively less than most other agricultural products and costs have increased more than prices. France produced in 1952 64.7 million hl. (including Algeria) and had a considerable carryover from 1951 (16 7 million hl. as compared with 6.2 million hl last year) Italian stocks were 10 to 15 percent of the annual production. To support the market the French government takes a substantial portion for alcohol production but at a price which is only about three-eighths of the price paid for wine for consumption. Several European countries are restricting areas under vineyards and in France and Switzerland marketing is regulated by gradual release of wine with the aim of preventing a break in the market

Production of raisins and currants in the five principal producing countries averaged 514,000 tons in 1949-51 against 573 000 tons prewar a 10 percent decrease although production in the United States remained on the prewar level. Production in 1952 in these countries is estimated at 528,000 tons with United States output alone at 268,000 tons against the prewar production of nearly 200 000 tons

Total exports in 1949-51 were on the average 15 percent lower than prewar but increased somewhat in 1952 The United States exports are being subsidized by an export premium of $55 per metric ton. Turkish sultana prices were $235 per ton by the end of February 1953 against $258 the year before By the end of the season (May 1953) prices had improved slightly but were still below those of the previous year Apparently unsold stocks of sultana raisins were smaller than had been expected.

COFFEE

Current Situation

Although coffee production in 1952 rose by about 5 percent over the previous year it was still below the prewar level. World imports were

TABLE 57 COFFEE: PRODUCTION IN MAJOR AREAS, PREWAR AND ANNUAL 1950-53

AREA	1934-38	1950/51	1951/52	1952/53 [1]
	Thousand metric tons			
Brazil	1 446 1	1 071 4	1 080 2	1 156 0
Colombia	251 2	337 8	354 0	360 0
Other Latin American countries	419 7	427 0	430 0	461 0
Western Hemisphere	2 117 0	1 836 2	1 864 0	1 977 0
Africa	140 0	231 0	316 0	319 0
Asia and Oceania	164 0	76 0	87 0	81 0
WORLD TOTAL [2]	2 420 0	2 190 0	2 370 0	2 380 0

[1] Preliminary
[2] Rounded to four significant figures.

about 3 percent higher than in 1951 largely owing to increased European imports. Throughout the year prices kept remarkably stable at about 54 U.S cents a pound (Santos 4, New York) Coffee was thus one of the few commodities almost completely unaffected by the general downward trend of commodity prices in 1952 and higher earnings from its exports were obtained by most producing countries

The increase in production took place mainly in Latin America. With the exception of a few minor producers, all Western Hemisphere countries recorded larger harvests than in 1951/52. In Brazil, Parana gained importance as the second largest producing center after São Paulo owing to the exceptionally high yields of its young plantings. Substantial increases were registered in El Salvador Venezuela and Ecuador In Asia and Africa however output remained substantially unchanged.

The major development in the international coffee trade in 1952 was an increase in European imports, which in 1947 were still only 55 percent of the prewar level. Substantial increases in purchases by France, Italy Germany and the Scandinavian countries, facilitated by extensive bilateral trade agreements with Latin American countries raised total European imports by about 14 percent — a large increase as compared with the two percent rise in 1951 The United States took 62 percent of world imports, as compared with 65 percent in 1951 (49 percent prewar) The slight decline reflected reduced purchases for the armed forces civilian per caput consumption, on the other hand, is estimated to have increased somewhat Imports into other parts of the world were probably slightly lower than in 1951

TABLE 58. COFFEE: IMPORTS INTO THE UNITED STATES, CANADA, EUROPE AND ESTIMATED WORLD IMPORTS, AND PRICES, PREWAR AND ANNUAL 1950-52

	1934-38	1950	1951	1952 [1]
	Imports *Thousand metric tons*			
United States	789 5	1 106 5	1 218 6	1 215 9
Canada	17 2	37 6	40 1	44 3
Europe	710 0	490 0	500 0	568 0
WORLD TOTAL	1 640 0	1 790 0	1 910 0	1 958 0
	Prices *U.S Cents per lb*			
Santos 4 ex Dock New York	9 70	50 90	54 30	54 04

[1] Preliminary

Outlook

Assuming normal weather conditions, production in 1953/54 should show a slight rise as trees planted since the end of the war have come into bearing In Brazil the early indications are favorable In other Latin American countries and in Africa the upward production trend is likely to continue although the increase in exportable supplies may not be very large Stocks in practically all producing countries are down to the minimum operating needs

Assuming continued high levels of economic activity in the chief consuming countries, the demand situation of the past years is likely to continue in 1953/54 Since no major increase in supplies is to be anticipated prices are likely to remain comparatively high.

As to the long term outlook, the market prospects for coffee appear to be favorable While prices may decline slightly if supplies increase appreciably all indications point to the continuation of the demand trend of the past few years In the high consuming countries wartime and post war gains in per caput consumption have been solidified, and the coffee drinking habit appears to be spreading in many countries in which prewar per caput consumption was very low What is less certain is the outlook for the intermediate period of a few years If some very optimistic current reports on production prospects during 1956-58 are borne out it is possible that the expansion of production may be more rapid than the growth of demand, which might have substantial price effects

However data on planting, re planting and on the other basic factors which will determine production are not sufficiently reliable for quantitative forecasts The range between the potential optimum and minimum, on the basis of available planting data (assuming, of course normal climatic conditions) may be as much as 200 000 tons or about 10 percent of world production. The most significant doubt concerns the production outlook in Brazil Considerable planting has taken place in Parana and other Southern areas, but estimates of the number of trees now in existence vary by as much as 30 percent One recent official report estimated that Parana production may reach close to 500 000 tons in 1955 but other reports are considerably less optimistic Equally uncertain is whether the decline in tree population of the important old producing region of São Paulo is continuing

High prices have induced new planting in many countries of Central and South America as well as Africa, but available data are not adequate for quantitative estimates of production prospects In Colombia production has risen steadily by 3 to 5 percent annually and the trend is likely to continue during the next few years The Mexican National Coffee Commission has developed a 5 year development program, and further expansion of planting is likely to take place as suitable land is opened to transportation. Work to raise yields of existing coffee plantations or to expand plantings has been going on also in El Salvador Guatemala Costa Rica, Nicaragua, the Dominican Republic Venezuela and Ecuador

In Africa, continuation of the upward production trend during the next 5 to 10 years can be anticipated in the Belgian Congo Ethiopia, French West Africa, Uganda, Tanganyika and French Equatorial Africa. Government programs to encourage production and to improve marketing exist in most of these territories.

Despite the prospect of continued substantial increases in production, the demand and price outlook in the long run for coffee appears to be more promising than for most other agricultural commodities.

TEA

Largely because of lower prices and drought conditions in Ceylon and Indonesia, world production in 1952, exclusive of China and the U.S.S.R was slightly lower than the record crop of the previous year but was almost 30 percent higher than during 1934-38 In India, which was chiefly affected by the price decline, production fell by 8 percent because of finer plucking In Japan, however production rose to about the prewar level, while in Africa the trend to higher production continued (Table 59)

World exports in 1952 declined reflecting smaller shipments from India, Pakistan and Indonesia but exports from Ceylon increased slightly due to the general consumers' preference for high quality tea Exports from British African possessions continued to rise, and, although these are a small part of world exports 1952 shipments represented an increase of almost 150 percent above prewar While imports into the United Kingdom and the United States rose by 7 and 10 percent respectively total world imports were probably slightly (1 percent) lower than in 1951

Table 59 Tea Production Trade and Prices at Colombo and Calcutta Auctions, Average 1934-38, and Annual 1946-52

Year	Production[1]	Exports	Imports for consumption	Index of price Average Calcutta and Colombo	Calcutta price deflated by wholesale price index
	Thousand metric tons				
1934 38	440	400	396	100	[2]100
1946.	433	301	304	—	112
1947	458	350	349	245	82
1948.	487	358	374	246	71
1949	522	435	420	298	90
1950.	582	308	392	318	81
1951	587	453	438	235	65
1952.	576	416	435	[3]240	57

[1] Excluding China, Indo-China and U.S S.R.
[2] *1937-39 = 100*
[3] Preliminary

Prices declined severely in 1952 especially those of the low quality India and Pakistan teas The high quality tea from Ceylon suffered much less, and average prices for the last six months were even slightly higher than during the corresponding period in 1951 The removal of controls on United Kingdom consumption and trade in October 1952, contrary to expectations did not immediately stimulate consumption and prices however the measures taken by India to curtail production contributed to a general increase in prices at the end of the year and during the early months of 1953 It seems that, short of a major recession in prices of primary products, tea prices will remain comparatively high for the rest of the current year

While tea output could be greatly expanded in the Far Eastern countries tea producers, especially in India, Pakistan and Indonesia face very serious economic problems. Production costs have risen considerably more than prices and the " real price of tea received by producers in 1952 was probably not more than 60 to 75 percent of prewar In the United Kingdom a gradual return to prewar levels of consumption seems likely No marked increase in consumption is likely to occur in other consuming countries However an over-all improvement in quality should facilitate the marketing of the 1953 crop

COCOA

Current Situation

World production of cocoa beans in 1952/53 was 10 percent higher than in the previous year The rise was due to favorable weather conditions in most producing areas and not to any fundamental change in basic supply conditions In the two chief producing countries of Africa and Brazil the last year's crop was 10 percent below prewar Practically the entire rise in world supplies over 1934-38 was due to increased production in French West Africa and the minor producing countries of Latin America

Table 60 Cocoa ; Production

Countries	1934-38 average	1951/52	1952/53 (estimate)
	Thousand metric tons		
Gold Coast and Nigeria	378 0	316 0	364 0
French Africa	81 5	108 0	121 0
Other Africa	24 5	25 0	33 0
Brazil	124 0	110 0	97 0
British West Indies	21 7	13 0	16 0
Other Latin American countries	92 3	110 0	119 0
Other countries	8 0	5 0	8 0
World Total	730 0	690 0	760 0

The low crop of 1951/52 and the absence of carryovers reduced 1952 exports by 7 percent During the first part of the year world prices rose to 38 to 42 U.S cents a lb *which is the highest* on record except for a few months in 1947/48 after the removal of price control in the United States Although the supply situation improved greatly in the autumn, and prices declined at the end of the year the annual average New York *price* was about the same as in 1951 — 35.5 U S cents as compared with 6.1 during 1934-38. During the first part of 1953 prices recovered somewhat and remained relatively firm

However producers have not benefited to the same extent in all countries from the great price rise In the French West African territories and in Latin America, producers prices have increased more or less proportionately with the world prices and this may explain the upward trend of production. On the other hand, producers in Nigeria and on the Gold Coast have benefited least largely because the Marketing Boards, which monopolize the buying and selling activity have paid the producers only about 50 percent

TABLE 61. COCOA: PRICES OF COCOA BEANS AND OF OTHER COMMODITIES IN THE UNITED STATES, SWITZERLAND AND THE UNITED KINGDOM, 1950-52

YEAR	U. S. A.				Switzerland		U. K.
	Wholesale price index of cocoa beans in New York	Index of the unit value of cocoa bean imports	Wholesale price general index	Wholesale price food index	Index of the unit value of cocoa bean imports	Wholesale price general index	Index of export value
	1934-38 = 100						
1950	524	472	202	210	415	211	283
1951	582	604	225	236	575	235	326
1952	590	[1]587	220	229	[1]525	231	341

[1] 9 months.

of the average f.o.b. price realized since 1947/48. Moreover, the high cost of imports and internal inflationary developments have further reduced the "real" price of cocoa. While the index of cocoa prices (1934-38 = 100) in 1952 was around 590 as compared with 220 of the general United States wholesale price index, the index of the United Kingdom export prices which reflects costs of imported goods to producers in tropical exporting countries, averaged 341. The incentive to expand production has thus been great where world prices were fully reflected in prices to producers.

The long-term effects of high cocoa prices on demand may be less fortunate. The last year witnessed a considerable strengthening of consumer resistance to high prices, especially in the United States where imports of beans and cocoa products (in terms of beans) declined for the third successive year although prices in 1952 were no higher than in 1951 and only slightly higher than in 1950. Net imports of beans in 1952 were even lower than in 1934-38. On a per caput basis, the United States imports were almost 25 percent lower — 1.5 kilograms per person as compared to 1.9 in 1934-38. Only the United Kingdom and some African and Latin American countries increased imports.

Outlook

No major increase in production is to be expected during the course of the next few years. New plantings have taken place since the end of the war, especially in the minor producing countries, but it is doubtful whether this factor is strong enough to offset more adverse forces, let alone to allow for a substantial net increase.

On the demand side, the price and supply developments of the last few years have reversed a 50-year trend of continuously rising consumption in Europe and North America. The production and marketing programs of industrial processors of cocoa beans, especially in the United States, have been curtailed, and the acceptance by the public of alternative products is increasing.

TABLE 62. COCOA: IMPORTS BY UNITED STATES AND CANADA, UNITED KINGDOM, EUROPE AND TOTAL WORLD PREWAR AND 1950-52

AREA	Average 1934-38		1950		1951		1952	
	Cocoa beans	All cocoa	Cocoa beans	All cocoa[1]	Cocoa beans	All cocoa[1]	Cocoa beans	All cocoa[1]
	Thousand metric tons							
U.S.A. and Canada	254	254	283	296	262	272	251	261
United Kingdom	98	85	128	122	93	116	95	119
Europe (excl. Eastern Europe)	273		272		255		220	
WORLD TOTAL	670		730		680		630	

[1] Cocoa products in terms of beans.
Not available.

in many countries. Since it does not seem at present, that supplies will greatly increase prices are likely to remain firm In the event of a sudden rise in production, prices would be likely to decline more than proportionately and the prewar long term trend of rising consumption would then reassert itself

TOBACCO

World tobacco production in 1952 was only slightly smaller than in the previous year whereas world trade decreased by nearly 15 percent Stocks by the end of 1952 were substantially larger in the United States, but were greatly reduced in the United Kingdom. Average prices of United States and Canadian tobaccos were slightly lower than in 1951 whereas Southern Rhodesian tobacco increased appreciably in price

The decrease in production in the United States was due to the dry summer whereas the decrease in Canada and Greece was due to reduced plantings. Output of Virginia tobacco in Southern Rhodesia and India increased slightly The output of cigar leaf was lower as the Bahia crop in Brazil amounted to only 18 000 tons, against 27 000 tons the year before the 1953 crop is expected to reach only 9 000 tons because of a severe drought.

Trade

The fall in leaf exports was mainly due to the cut in United Kingdom dollar allocations for United States and Canadian tobacco imports The 1952/53 allocation for United States tobacco was only $34.9 million compared with $145.9 million in 1951/52, $80 million in 1950/51 and $90 million in 1949/50 Allocations for imports of Canadian tobacco showed the same movement Additional allocations for United States tobacco in 1952/53, however have been made early in 1953 to buy 36,000 tons of the 1952 crop earmarked for British manufacturers under a special option.

Total United States exports in 1952 decreased by 57 000 tons and exports to the United Kingdom alone decreased from 100,000 tons to 25,000 tons. United States exports to Western Germany however rose by 14 000 tons reaching 36,000 tons, six times the prewar figure Canadian exports in 1952 showed some increase as a result of increased United Kingdom purchases during the later part of 1951 but will decrease during 1952/53. Greek exports of leaf rose 33 percent and accounted for 43.3 percent in value of all Greek exports Most of the increase was in exports to Western and Eastern Germany Austria, Scandinavia Spain and the United States

Stocks and Prices

United States stocks as of 1 April 1953 were 2,038,000 tons (farm sales weight) or 112,500 tons larger than in 1952 The increase was all in flue-cured and Burley tobacco Canadian stocks were slightly larger whereas Greek surplus stocks of old tobacco have been substantially reduced as a result of the increased exports. Stocks in the United Kingdom as of 1 April were 170,800 tons

Table 63. Production and Exports of Leaf Tobacco Prewar, 1951 and 1952
(8 major exporting countries)

Country	Production			Exports		
	1934-38 average	1951	1952	1934-38 average	1951	1952
	Thousand metric tons					
United States	590	1 057	1 001	198	236	179
Canada	28	70	61	5	13	17
India	[2]344	229	238	21	50	30
Southern Rhodesia	10	[illegible]	45	8	33	40
Turkey	55	82	81	29	58	57
Greece	57	63	42	44	31	41
Brazil	93	118	127	31	30	30
Cuba	22	34	30	12	17	18
Total (8 countries)	1 199	1 695	1 634	349	468	421

[1] 1938 38 verage.
[2] Including Pakistan

(dry weight) a decrease of 43,000 tons since 1 April 1952

Prices in the United States market during 1952 were slightly below the previous year except in the best grades of which output was comparatively smaller Southern Rhodesian flue-cured prices at the auctions in April to August 1952 were higher The average price in 1952 reached 42.8d. per lb., or 8.25d. per lb more than in 1951 Average unit values of exports in seven major exporting countries 1949-52 are shown in the following table The unit values differ widely according to types and grade Unit values for Rhodesian and Indian tobacco which are the main substitutes for Virginia tobacco from the dollar area showed an increase in 1952

TABLE 64. EXPORT UNIT VALUES OF LEAF TOBACCO

COUNTRY	1949	1950	1951	1952
	U.S $ per kg			
U.S.A.	1 11	1 16	1 37	1 37
Canada	1 21	0 92	1 12	1 24
Cuba	2 19	2 49	2 31	2 31
Greece	1 59	1 48	1 29	1 27
Turkey	1 17	1 19	1 12	1 07
Southern Rhodesia	1 06	1 20	1 22	1 32
India	0 59	0 65	0 64	0 79

[1] Year beginning April, except 1952 when data refer to calendar year

Outlook

As a result of the large carryover in the United States, the 1953 acreage allotments to flue-cured and Burley are respectively 7 and 8 percent lower than in 1952 and total plantings may decrease 6.5 percent The Canadian acreage of flue-cured, drastically cut in 1952, has been allowed to increase 12.5 percent. Supplies of flue-cured from Southern Rhodesia (auctions April August 1953) may reach a record in spite of excessive rains at the end of the growing season. Oriental supplies may be about the same but the serious decrease in Brazilian cigar leaf may result in a shortage of supplies for the cigar industry

It is expected that the United Kingdom will increase its dollar allocations for 1953/54. Available substitutes from soft currency countries are insufficient to keep imports of Virginia tobacco from the United States and Canada as low as in 1952/53 There are indications that oriental tobacco will gradually regain an important share of the German market The Greek currency devaluation in April 1953 may stimulate tobacco exports further

Demand for leaf tobacco is strong in all countries and tax reductions on tobacco products in some West European countries may raise demand further

COTTON

Current Situation

For the second time in the postwar period there are signs of cotton surpluses After additions during two successive seasons, the world carryover at the end of 1952/53 stood in about the same *ratio to consumption as at the end of the 1949/50* season, and prices are being largely upheld by price support operations in the United States With production estimated at 35.3 million bales and consumption at 32.5 million bales in 1952/53 the world carryover is calculated to rise to nearly 18 million bales, corresponding to about 6 to 7 months consumption at the current rate

TABLE 65. COTTON: WORLD PRODUCTION CONSUMPTION AND STOCKS

SEASON	Production	Consumption	Stock at end
	Million bales		
1934-38 average	30 5	29 5	17 0
1947/48.	25 1	28 9	14 7
1948/49	28 9	28 6	15 0
1949/50.	31 1	29 6	16 6
1950/51	28 2	33 2	11 6
1951/52.	35 7	32 3	15 0
1952/53	35 3	[1]32 5	17 8

[1] Provisional estimate.
SOURCE International Cotton Advisory Committee

The upward trend of production since the end of World War II was broken only in 1950/51 when acreage restrictions were in force in the United States and low yields obtained. By 1951/52 and again in 1952/53, production was 16 percent above the 1934-38 average In spite of the expansion in the area under cotton in postwar years, acreage in 1952/53 is still rather smaller than the prewar average Yields have shown a remarkable increase averaging about 20 percent higher in the past five seasons than in the five prewar seasons. This is partly due to the extension of irrigation (e.g Middle East) and the shift to irrigated re-

TABLE 66. COTTON: PRODUCTION IN MAJOR PRODUCING REGIONS

REGION	1948/49	1949/50	1950/51	1951/52	1952/53 [1]
	Million bales				
United States	14.0	16.0	9.9	15.2	15.0
Soviet Union and China	4.7	4.4	5.9	7.0	6.8
Elsewhere	9.6	10.7	12.4	13.5	13.5
of which Mexico	0.5	0.9	1.1	1.3	1.3
Brazil	1.5	1.4	1.7	2.0	1.5
Egypt	1.8	1.8	1.8	1.7	2.1
Turkey	0.3	0.4	0.5	0.8	0.8
Pakistan	0.8	1.0	1.2	1.3	1.5
India	2.0	2.4	2.7	3.2	2.9

[1] Provisional estimates

gions (e.g., United States) where adequate moisture is provided and the climate less conducive to pests and diseases. It also reflects the extended use of higher yielding varieties, notably in Pakistan and the Middle East, and a greater use of fertilizers and chemicals in disease and insect control. At the same time, the mechanization of cotton cultivation and harvesting is extending. In the United States, nearly one-fifth of the crop is now mechanically picked, with a consequent considerable saving in labor costs.

Production trends move upwards in all regions except in the United States where, leaving out of account the restricted 1951/52 crop, a rather stable volume of 14 to 16 million bales has been harvested over the past four or five years. There are unofficial reports of a notable increase in cotton growing in the Soviet Union and China, but the most significant proportional expansion has taken place in Mexico and Turkey, where output has almost trebled, and in Pakistan which has almost doubled its production over the past five years. Expansion in Brazil, Egypt and India has been smaller. Other crops, notably coffee, tended to reduce cotton growing in Brazil until the sharp rise in cotton prices in 1950/51, while in India and Egypt expansion has been limited by the concentration on food production. Changes in Egypt's production pattern as between longer and shorter staples have also affected the size of the crop.

In 1952/53 efforts to grow more cotton were checked by falling prices at planting time but although total acreage was curtailed, the reduction in the world crop was not commensurate. Of the major producers Brazil, India and China harvested smaller crops. The substantial reductions were attributable mainly to reduced plantings in the case of Brazil and to drought and consequently lower yields in the case of India. In other countries yields were generally higher. Improved yields partly offset the effect of smaller plantings in the United States and entirely accounted for the increase in the Egyptian crop. Record crops were harvested in Turkey and Pakistan. The maintenance of a high level of world output was therefore in some measure fortuitous and farmers and governments in important growing regions are now concerned to plant less cotton.

The postwar upward trend has been less steep and less definite in cotton consumption than in production, thus bringing about a tendency toward surplus from time to time. With higher standards of living, a trend in the consumption of fibers, which are very largely used for apparel purposes, at least commensurate with population growth might be expected.

TABLE 67. APPAREL FIBERS: WORLD CONSUMPTION PER CAPUT

YEAR	Cotton Wool and Rayon	Cotton	Percentage cotton
	Kilograms		
1938	3.7	2.9	78
1948	3.7	2.7	73
1949	3.6	2.6	72
1950	3.8	2.7	71
1951	4.1	3.0	73
1952	3.9	2.8	72

Per caput consumption of the major apparel fibers has been at or above the prewar level almost continuously over the past five years. This however does not apply to cotton. Only once in the postwar era, in 1951, when large scale military and speculative demands affected the situa

TABLE 68. COTTON: CONSUMPTION IN MAJOR TEXTILE PRODUCING REGIONS

REGION	1947/48	1948/49	1949/50	1950/51	1951/52
	Million bales				
United States	9.4	7.8	8.9	10.5	9.2
Europe of which	6.1	6.4	6.9	7.4	6.7
United Kingdom	1.9	2.0	2.1	2.1	1.8
France	1.1	1.0	1.1	1.2	1.2
Germany	0.4	0.6	0.9	1.1	0.9
Italy	0.8	1.0	0.9	1.0	0.9
India	3.6	3.7	3.3	3.2	3.5
Japan	0.6	0.7	1.0	1.6	1.8
China	3.1	3.0	2.3	2.9	3.1
Soviet Union	1.9	2.2	2.3	2.5	2.8

tion, did cotton consumption exceed the prewar per caput rate Cotton's proportion in the total apparel fibers consumption has declined from 78 percent to around 72 percent This is attributable to technological advances in manmade fibers and to the emergence of rayon as the lowest priced apparel fiber

Apart from this relatively modest scale of increase, cotton consumption has suffered intermittent setbacks connected with relatively mild changes in economic activity which have rather pronounced effects on textile industries

The decline in cotton consumption in 1948/49 was attributable to the pause in economic activity in hard currency countries notably the United States Following the upsurge connected with the Korean conflict, a more general decline occurred in 1951/52 It affected all textile industries and all of the Western Hemisphere including Europe and the territories economically closely associated with it. Only in the Eastern hemisphere where apparel standards are relatively low and, in many countries, have not yet recovered to prewar levels, did cotton consumption continue to make headway reflecting for India, China and the Soviet Union larger domestic crops The 1952/53 season has seen some limited recovery in textile activity in the Americas and Europe On the whole however as markets are fairly well supplied with textiles there is little incentive to manufacture beyond immediate requirements In the East on the other hand, there are still large local potential markets, and in export markets also Eastern textiles industries have some advantage in relatively low raw material and manufacturing costs

World trade in cotton has been subject to long term decline due to industrialization and th accompanying fall in cotton textile imports, an also to the general advance of rayon into cotton markets. Even under the most propitious condi tions in 1949/50 with a cotton shortage expecte and prices rising steadily exports failed to reac the prewar average of 13 million bales. The vol ume in subsequent seasons at 12 million bale is unlikely to be achieved in 1952/53 Prices o cotton have declined to support levels and excep for strategic reasons, there is some incentive i importing countries to allow stocks to run down

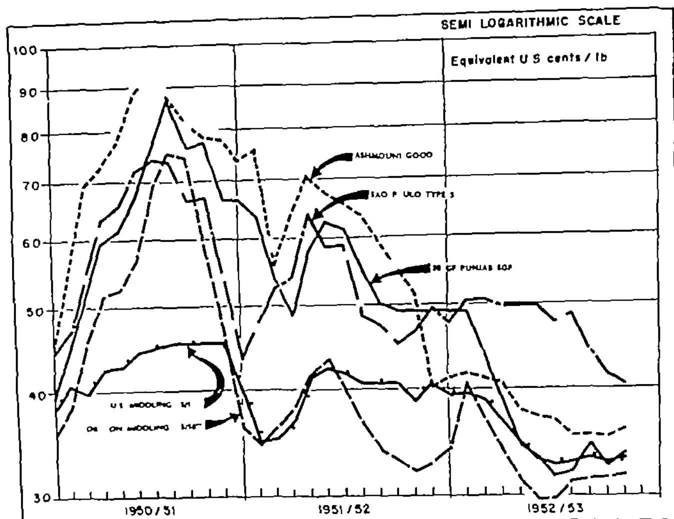
The United States share in world trade in cotton which before the war was broadly determined b the availability of other cottons at or slightly below the United States support price has over the pas few years been more determined by the dolla shortage and the scale of United States foreign aid for cotton. Only in 1950/51 when a world cotton shortage developed and export restrictions were in force in the United States did United States shipments fall below the prewar propor

TABLE 69 WORLD AND UNITED STATES EXPORTS OF COTTON

YEAR	World	U.S.A	Percent U.S.A.
	Million bales		
1934-38 average	13.0	5.3	41
1948/49	10.7	4.7	44
1949/50	12.5	5.8	46
1950/51	11.9	4.1	34
1951/52	12.0	5.5	46

FIGURE 11 WORLD COTTON PRICES 1950/51 - 1952/53

(Local price plus export taxes)



tion In 1952/53 some symptoms of the prewar situation reappeared. Dollar aid for cotton in various forms is still necessary but larger export availabilities of non-dollar cottons have now developed and these are moving into export channels freely and under various forms of trade agreements at prices more competitive with United States prices than at any time in the past four years Consequently the United States share of the world s market may contract

The absence of a world market for cotton in the postwar era and the multitude of governmental operations affecting trade in this commodity makes the determination of its world price exceedingly difficult In the early postwar years, when textile industries were being rehabilitated and war accumulations of cotton were being worked down, United States prices tended downwards and those elsewhere upwards — a symptom of the developing dollar shortage But while the dollar shortage curtailed demand for United States cotton this brought only limited reductions in United States prices since they were already coming to rest on the official support level The curtailment did, however have a counterpart in an expanded demand for non-dollar cottons The output of such cottons was expanding only very gradually In consequence prices for non-dollar (Brazil, Egypt Pakistan) cottons have since 1948 tended to a premium over dollar (United States and Mexican) cottons This premium has narrowed with foreign aid programs for United States cotton and increased supply of non-dollar cotton.

During 1952/53 the outstanding feature has been the diminished demand for all cottons, the fall of United States prices to the support level and the virtual disappearance of the premia for non-dollar cottons. In fact some countries, notably Egypt have introduced price support arrangements linked with United States prices

Outlook

The 1953/54 season will be a crucial one for cotton. With prices at a lower level than at any time in the last four years, and resting largely on official supports, governments are already discouraging cotton production. In the United States a crop 2½ million bales smaller than last season was officially recommended, but the first estimate of the area planted at 24,618,000 acres indicates a crop of perhaps one million, but not more than 1¼ million bales smaller. Official cotton acreage restrictions are in force in Pakistan, Egypt, and Syria and reduced plantings are expected also in Mexico and Turkey. In general, therefore even excluding the possibility of yields falling below last season's relatively high level, a fairly substantial reduction in the world crop is anticipated.

A reduction of 3 million bales in the world cotton crop would bring it substantially into line with the current rate of world consumption. The future of cotton consumption is, however doubtful. The conflicting long range influences of losses of markets to manmade fibers and of gains in standards of living in densely populated regions where cotton textiles are consumed on a large scale are not easy to balance. In any event they may be masked in the short period by the influence of price fluctuations and general industrial levels. The outcome of the 1953/54 harvest and the way in which governments define their production and price policies will therefore be important factors determining the volume of consumption achieved next season.

As to the longer range factors, it cannot be assumed that the inroads made by synthetics into cotton's markets will be continued at the same rate as in the past few years. Early postwar technical and economic advantages of rayon may now be nearing fullest exploitation and new advantages may be less easily developed. At the same time the promise which rising standards of living hold for increased cotton consumption can be expected to be fulfilled only gradually and will depend to a considerable extent on continued economic progress in underdeveloped countries.

As importing countries have tended to allow stocks to run down somewhat an increase in prices would encourage trade. Longer range prospects depend on the nature of the price leadership given by the United States. Since export subsidies for cotton have now been officially ruled out, the world price structure for cotton and the volume and pattern of trade in it will depend on the more fundamental issues of United States agricultural policy.

WOOL

Current Situation

The present world wool situation shows a better balance than at any time in the postwar era. Production and consumption are approximately in line and slowly rising, and stock movements have tended to equalize and stabilize prices.

From 1946 up to 1950 world consumption was running 20 percent ahead of production. The wartime shortage of textiles and the high levels of real income in the postwar period stimulated consumption. This was made possible by releases from substantial stocks of British Commonwealth and other wools accumulated during the war. The postwar boom in textiles was extended by the strong buying movement which followed the outbreak of the Korean conflict. For wool it was heightened by projected large scale strategic re-

TABLE 70 WOOL WORLD PRODUCTION CONSUMPTION AND STOCK CHANGES

ITEM	1946/47	1947/48	1948/49	1949/50	1950/51	1951/52	1952/53
	Thousand metric tons clean basis						
World clip	964	953	977	990	1 036	1 044	1 110
Changes in stocks in producing countries and government hands	— 114	— 181	— 54	— 200	+ 10	+ 34	
	1947	1948	1949	1950	1951	1952	
World consumption	1 108	1 158	1 107	1 213	1 027	1 046	
Changes in stocks in consuming countries	— 30	— 24	— 77	— 15	— 2	— 36	

TABLE 71 WORLD TRADE IN WOOL[1]; SEASON OCTOBER SEPTEMBER

Period	Exports				Imports[2]				
	Dominions[3]	S. America	Others	Total	U.S.A	Europe[4]	Japan	Others	Total
	Thousand metric tons clean basis								
1934 38 average	338	118	94	550	61	425	49	15	550
1947/48	528	196	51	775	219	452	6	38	715
1948/49	537	90	53	680	124	526	12	38	700
1949/50	579	153	83	820	212	495	22	36	765
1950/51	424	100	51	575	164	343	35	33	578
1951/52	465	50	55	570	166	376	40	25	600

[1] Excluding wool on skins.
[2] Retained Imports are for calendar year beginning in season indicated
[3] Excluding J O shipment to U.K., including sales of J O wool at U K. auctions.
[4] Including U.S.S.R.; excluding J O shipments to U.K., including sales of J O wool to British mills at U K. auctions.

quirements and by the exhaustion of the wartime accumulations During this period, textile trade stocks increased while wool prices advanced greatly This led mills to use a larger admixture of substitutes, not only mungo and shoddy but also of manmade fibers.

Subsequently the general reaction to large stocks was a severe contraction in wool consumption. The decline would have been even more severe particularly in the United States, had it not been for the increase in military orders off setting, to some extent the decline in civilian demand. The reaction in prices was even more marked wool prices slumped to a fraction of their previous peaks and this tended to discourage wool textile buying Throughout 1951/52 mill activity remained at a reduced rate with wool consumption 10 percent below current production

In 1952/53 the recession gave way to gradual recovery Textile stocks having been worked down to normal levels, home and export demand improved Confidence in wool prices recovered. Governmental price support operations in the United States and strategic stock purchasing by the United Kingdom contributed to this, as did also the eventual downward adjustment of Argentine wool prices to world levels, through currency devaluation There was also the fact that wool prices had receded to their pre-Korean relationship with prices for synthetics. The proportion of virgin wool used by the major wool textile industries increased significantly in 1952 after the setback of the two preceding years from 68½ percent in the first quarter of 1950 it fell continuously to 57 percent in the third quarter of 1951 and then rose to 66½ percent in the first quarter of 1953.

Except for a pause in 1947/48, world wool production has expanded gradually throughout the postwar period to a record clip (on a clean basis) in the 1952/53 season The expansion is mainly attributable to British Commonwealth countries in the Southern Hemisphere There has been some decline in South American production from the exceptionally high levels reached at the end of the war and the postwar decline in North American production has been proportionately large In recent years there have been some signs of recovery in these areas. In Europe and the Soviet Union, the postwar trend has been upwards as sheep numbers recovered from the wartime decline

Postwar world trade in wool has been larger than prewar Since the exhaustion of wartime stocks in 1950 the increase over prewar has been about 5 percent The larger and freer availability of Dominion wools has resulted in their occupying a larger share of the world market Trade in South American wools has been adversely affected by currency and trade difficulties and by attempts to maintain export prices above the world level. The shrinkage in Argentine shipments in 1951/52 due to this latter factor resulted in considerable stock accumulation. With the devaluation of the Argentine peso for wool exports in July 1952 however these stocks were reduced There was generally a substantial increase in wool exports in 1952/53

On the demand side the outstanding feature has been the increase in United States imports to about three times their prewar volume During 1952 there were times when world prices plus the United States tariff were somewhat below the United States support prices and this tended to bring about a displacement of domestic by foreign wools The rising trend of world wool prices throughout most of the 1952/53 season has however altered the situation. Among the special

RUBBER

Current Situation

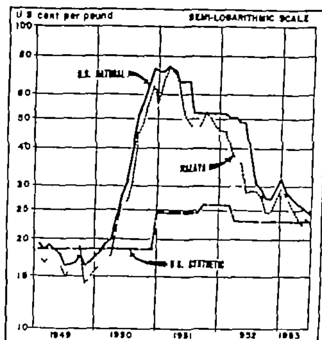
Instability in the world market for natural rubber has been aggravated in recent years. The large scale synthetic rubber industry built up during World War II would in any event have been a new source of potential instability but special measures taken to secure strategic requirements, especially after the outbreak of the Korean conflict and their subsequent adjustments, have been the main destabilizing influences There have been large non recurring demands for natural rubber for strategic stockpiling, while consumer demand has been met to an increased extent by expansion in synthetic rubber output In 1952 strategic purchases tapered off at the same time as the full impact on consumption of the displacement of natural by synthetic rubber became felt Notwithstanding a downturn in production prices for natural rubber receded sharply in 1952

Postwar recovery in natural rubber production was strong until 1949 when it reached 1.5 million tons, i.e., about 50 percent above the prewar average. Recovery took place in South-East Asia, elsewhere production was declining though higher than in prewar years In the two following years, with the sharp increase in prices attending the outbreak of the Korean war output reached the exceptionally high level of almost 1 9 million tons The increase in supply came largely from Indonesia, where smallholders output doubled. With the recession in demand and falling prices, production fell to 1.8 million tons in 1952 All the major producing countries shared in the setback. It was, however largely concentrated in small holdings estate production in Malaya and Indonesia showed remarkable resilience

Until distorted by strategic requirements, the trend of natural rubber consumption was moderately upwards, being rather more marked in Europe than in the United States. A record volume of 1 7 million tons was reached in 1950 but in the following two years consumption averaged about 1.5 million tons, roughly corresponding to the level of production prior to the Korean conflict. The downward adjustment was almost wholly attributable to the United States, where restrictions on the consumption of rubber favored the synthetic product, while purchases of natural rubber were made for the strategic stockpile Elsewhere consumption has been steadily at about 1 million tons annually over the past three years

During 1952, however the United States rubber industry operated under conditions of increasing freedom from government regulations At the beginning of the year limitation of the total consumption of rubber (natural and synthetic) was terminated. By mid 1952, a series of relaxations relating to the allocation of synthetic rubber to the control of natural rubber and to the return of importation of natural rubber to private trade left natural rubber virtually free from discrimination, apart from national security provisions for a minimum usage of 510 000 tons of synthetic rubber Actual usage in 1952 totalled 807 000 tons

FIGURE 13 - RUBBER PRICES IN THE UNITED STATES AND MALAYA 1949-53



Key U.S. Natural No. 1 R.S.S. New York — Malaya No 1 R.S.S. Singapore — U.S. Synthetic GR-S United States

After their sharp rise, downward adjustments of natural rubber prices proceeded a stage further and rather more sharply in 1952 At the end of the year they were not far out of line with pre-Korean levels and were again competitive with prices for the synthetic product The bulk of synthetic rubber is a product of United States government-owned industry It has been suggested that there are elements of cost normally borne by private industry which are avoided in governmental operations. To the extent that this is reflected in the synthetic rubber price the latter cannot be regarded as truly competitive As it is now intended to turn the industry over to private hands however this problem may be avoided.

Outlook

Over the past few years, natural rubber production has been consistently in excess of consumption. In 1952 the excess amounted to 365,000 tons. The excess mainly reflected governmental stock pile purchases as commercial stocks have remained relatively stable. An increase in consumption and a further decline in production is expected to reduce the surplus to 190,000 tons in 1953.

TABLE 73.—RUBBER: WORLD PRODUCTION AND CONSUMPTION

Item	1952	1953
	Thousand long tons	
Production:		
Natural	1,815	1,785
Synthetic	877	989
TOTAL	2,692	2,774
Consumption:		
Natural	1,450	1,595
Synthetic	885	909
TOTAL	2,335	2,504
Balance:		
Natural	365	190
Synthetic	—8	80
TOTAL (for addition to government and commercial stocks)	357	270

There are prospects that natural rubber will capture a larger share of the expanding rubber usage, especially in view of the greater scope for competition with the synthetic product given the more favorable natural/synthetic rubber price relationship. At the same time the United States has not yet finished stockpiling. Purchases for this purpose and by commercial stock purchasers are expected to absorb the surplus and to prevent any further significant decline in prices.

The short term outlook may also be influenced by trends in motor car production. The United States car industry has been running well above replacement requirements for several years and may average somewhat lower in the years immediately ahead than recently, with consequent effects upon the total demand for rubber.

Surpluses in more immediate years may very well give way to deficits in the years further ahead in view of the rising long term demand for rubber and the discouraging trend of current prices on future natural rubber production. Much depends on the trend of private investment in the United States synthetic rubber industry and the prices ruling when in private hands. The International Rubber Study Group met in May 1953 and discussed the possibility of an international commodity agreement for natural rubber. It decided, however, to postpone a decision until later in 1953.

HARD FIBERS

Current Situation

The strong postwar demand for hard fibers which had been reinforced by governmental stockpiling and by some speculative purchasing in more recent years abated in 1952. With output maintained at relatively high levels, there was some increase in stocks and prices declined sharply.

Production of hard fibers continued in 1952 at a rate about 10 percent above the prewar volume. The postwar pattern of output has altered considerably in favor of sisal. This is due not only to

TABLE 74.—PRODUCTION OF HARD FIBERS

Product	1934-38 average	1949	1950	1951	1952	1953[1]
	Thousand metric tons					
Abaca	187	90	122	156	145	130
Sisal	257	226	309	355	363	300
Henequen	110	170	114	104	100	90
Other	66	64	55	55	60	50
TOTAL	620	550	600	670	665	570

[1] Provisional estimates.

Table 75 Imports of Hard Fibers

Area	1934-38 average	1948	1950	1951	1952[1]
	Thousand metric tons				
North America	201	189	242	285	308
Europe	250	160	210	220	190
Japan	68	37	25	20	24
Other countries	21	26	28	35	33
World Total	540	412	505	560	555

[1] Provisional estimates. Not available.

the advantageous wartime location of the main producing areas (e.g. British East Africa) but to technical changes in hard fiber usage and to the fact that sisal is a non-dollar commodity. Philippine abaca output declined in 1952 and 1953, largely as a result of the typhoons. Output of sisal and henequen continued to increase in 1952 and stocks in Brazil, Mexico and in Europe were mounting. Efforts to maintain prices failed; they broke sharply first in sisal and later in henequen.

The importance of North America in world hard fibers markets has greatly increased in postwar years reflecting the greater expansion in agricultural and industrial output as well as a substantial volume of strategic stockpiling. European and Japanese imports have failed to reach prewar volume. In 1952 the sustaining influence of North American demand was particularly marked.

Outlook

Output appears to be adjusting itself fairly rapidly to the changed market situation with a reduction of perhaps 15 percent in prospect for 1953. On the other hand, demand may now be expected to improve since there has been no significant decline in consumer demand for cordage and cordage stocks are being reduced. Stockpiling for strategic reserves which accounted for perhaps 10 percent of total offtake in previous years may also continue. Competition between producers, however, promises to be more intense than in earlier postwar years and production of high cost producers is likely to fall.

FOREST PRODUCTS

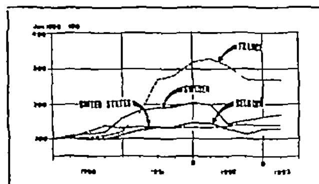
The year 1952 marked the first serious postwar recession in the trade of most categories of forest products except newsprint. Europe, highly dependent on international trade, was the hardest hit. North America, however, was less affected by the shrinking market. The demand for newsprint continued at a high level throughout 1952.

Prices of most forest products were subject to marked fluctuations in 1950-53. Fears of a shortage following the outbreak of the Korean war led to heavy buying with considerable increases in importers' stocks, and during 1951 there was an unprecedented rise in prices. By the end of 1951 importing countries, fortified by newly accumulated stocks, were beginning to react against the high level of prices. The market deadened, and prices took a violent downward turn in 1952 except in North America. Any hopes that European prices would quickly stabilize at a reasonable level were frustrated by a real reduction in demand, especially for pulp and paper other than newsprint, that accompanied the check in the general rate of economic growth which occurred in 1952. Though sawnwood prices had steadied by mid year it was not until the closing months that the European pulp market began to manifest firmer tendencies.

Price fluctuations were much more violent in countries and regions which depend greatly on international trade than in more self-sufficient regions. Whereas most of the North American production of forest products is consumed in the United States, more than one-third of the European output enters the international market. Moreover while ceiling prices were established in the United States for most forest products during the general boom period, price formation was left free in Europe and most other parts of the world. Figures 14-16 show the course of prices for sawnwood, wood pulp and pulp products in these two main regions during the period 1950-1952. Wholesale prices for sawnwood in the United

States and Canada achieved a peak in 1952 of 30 to 40 percent above their January 1950 level, but Swedish and Finnish export prices at their highest in 1951/52 were about double those attained in January 1950. The greater dependence of European countries both importing and exporting, on trade in sawnwood was responsible for the contrast in the movement of sawnwood prices in North America and in Europe.

FIGURE 14 - PRICES OF SAWN SOFTWOOD 1950-53



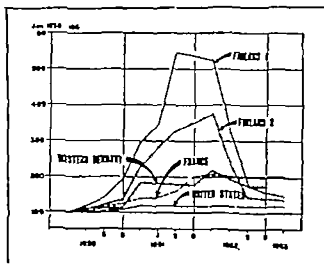
Notes: United Kingdom: Average wholesale price from importer to wholesaler.
France: Unedged spruce boards, 26 mm. thick, for construction.
Sweden: Average export price f.o.b. bast 2½ x 7 in. red wood u/s.
United States: Wholesale prices, Douglas Fir Dim. No.1 2 x 4 in. dried f.o.b. mill, rail shipment.

The contrast was even more marked in pulp (See Figure 15). The bigger European paper producers depend largely on imported pulp and pulpwood. In 1951 both pulp and pulpwood prices rose rapidly in Europe and in the importing countries paper producers found it difficult to compete with imported paper the price of which had not risen to the same extent. Paper imports were curtailed. In France for instance previously lifted import duties on pulp products were reimposed. With prices of imported pulp rising there was greater recourse to lower priced domestic pulp.

Pulp prices in North America remained remarkably steady throughout 1951 and 1952, after the rise of some 20 percent in the latter half of 1950 and the first quarter of 1951 (Figure 15). The relative advance in European pulp export prices from January 1950 to March 1953 was roughly the same in spite of the extraordinary fluctuations in 1951 and 1952. United States newsprint prices advanced in 1950/51 and again in 1952 by a little more than the wood pulp price increase.

By the middle of 1953 forest products prices in Europe seemed to have reached a level acceptable to buyers and sellers alike. It is generally agreed that any sharp advance is likely to provoke consumer resistance. Both importing and exporting countries hope that the present level will prove stable and give the market that confidence which has been so conspicuously lacking in the last two years.

FIGURE 15 - PRICES OF WOOD PULP 1950-53



Notes: Finland 1: Sulphate, unbleached, export, f.o.b.
Finland 2: Bleached sulphite other than rayon-pulp, export, f.o.b.
France: Domestic mechanical wood-pulp.
United States: Domestic and Canadian sulphite, bleached, f.o.b. mill Atlantic sea board.
Western Germany: Domestic price, sulphite, unbleached, free at inland stations.

A brief review of production and trade trends for the major groups of forest products is given below.

Roundwood

The production of industrial roundwood in 1952 was maintained chiefly due to raw material purchases for 1952 and 1953 production being made earlier while the demand was still strong. Production in 1952 is estimated to be about the same as in 1951 and slightly above 1950. The increase in output of roundwood in North America, due to a rise in sawlog output was offset by a decrease in Europe. In 1952, the European market for forest products declined at a time when substantial new supplies were reaching industry and accordingly purchases of new raw material for 1953 and 1954 were heavily curtailed. With demand falling off stocks were reduced. This tendency was reinforced as replacement cost of raw materials also fell. The fall in roundwood production was mainly in softwoods. Moreover

in Europe in 1952 there was, in general, an almost complete absence of any competition between different categories of roundwood. The slight rise in the demand for pitprops, normally pulpwood's strongest competitor, was much too weak to compensate to any great extent for the fall in the demand for other categories.

Large raw material stocks in most forest industries at the turn of 1952 acquired in Europe at prices somewhat higher than those now ruling makes it probable that the output of industrial roundwood in 1953 will remain rather low even if the market for forest products strengthens towards the end of the year. The supply situation in most industries is likely to be fairly satisfactory until 1954.

Sawnwood

International trade in sawnwood, particularly softwoods, reached a postwar peak in 1951 but eased off by 1952 (Table 76). In North America demand had declined rather steeply in 1951 whereas in Europe trade was booming and approached prewar figures. In regions such as Australia and Africa, which largely depend on imported supplies, the volume of trade in sawnwood was also on a high level. All these trends were however reversed in 1952, demand reviving in North America but showing a marked fall in Europe and other regions. In 1951 there was an accumulation of stocks in importing countries, and unprecedented rises in prices, except in North America. However consumers' resistance to high prices, developed in the summer of 1951 reached a high point by the end of 1951. In 1952, the general slackening of the economic activity in most countries added weight to this consumers' resistance. Though trade showed some revival in the summer of 1952, after the sharp fall in prices, it still remained at a rather low level. An upswing in European trade came in the autumn of 1952 when the United Kingdom commenced large scale purchasing for 1953; thereafter this trend levelled off. The resulting rise in prices continued until the end of 1952 when they seemed to have more or less stabilized at a level some 20 percent below the previous top prices. Other importing countries also began purchasing for 1953 and business generally was rather brisk until the end of April 1953 by which time most of the sawnwood available in the main European exporting countries had been sold. So far as inter-regional trade is concerned, the effects of 1951 overbuying appear not to have been overcome and trade remains at a low level. Balance of payments difficulties and shortages of foreign currencies, particularly of dollars also contribute to this low level of activity. Imports of sawn softwood (Table 76) in 1952 were 4.44 million stds. (1 std. = 4.672 cu. m) as against 5.08 million stds in 1951 and exports fell from 5.36 million stds in 1951 to 4.44 million

TABLE 76. WORLD TRADE IN SAWNWOOD

Region	Sawn Softwood			Sawn Hardwood		
	1950	1951	1952	1950	1951	1952
	Thousand standards			*Thousand cu. m.*		
EXPORTS						
Europe[1]	2 620	2 860	2 210	1 160	970	460
North and Central America	2 090	2 240	2 030	40	700	600
South America	190	240	[2]190	200	180	[2]150
WORLD TOTAL	4 910	5 360	4 440	2 970	2 720	2 040
IMPORTS						
Europe[1]	2 370	2 990	2 540	1 620	1 590	1 070
North and Central America	1 630	1 210	1 230	790	780	680
South America	165	210	170	90	90	70
Africa	340	370	250	240	250	[2]200
Oceania	140	210	[2]150	50	70	50
Asia	110	90	90	170	190	170
WORLD TOTAL	4 675	5 060	4 440	2 960	2 970	2 240

[1] Reporting countries only
[2] Estimates

TABLE 77 EXPORTS OF SAWN SOFTWOOD

EXPORTED TO:	Europe[1]		Canada		United States	
	1951	1952	1951	1952	1951	1952
	Thousand standards					
Europe[1]	2 428 1	1 971 3	486 9	480 3	145 0	47 8
North America	2 2	0 2	1 164 1	1 178 6	35 4	42 2
Latin America	60 2	6 7	15 8	12 2	72 8	62 8
Middle Eastern and North African countries	178 1	149 0	10 9	3 6	12 9	12 3
Union of South Africa	46 7	27 1	36 4	21 2	36 8	37 0
Australia	81 9	18 9	46 6	21 9	62 3	30 4
Other countries	52 8	38 3	48 1	28 1	57 9	43 8
TOTAL	2 860 0	2 210 0	1 793 6	1 725 9	413 1	276 3

Europe Austria, Belgium, Luxembourg Denmark, Finland, France Western Germany Ireland, Italy Netherlands, Norway, Sweden, Switzerland, Yugoslavia, United Kingdom Includes exports to countries of Western Europe from Czechoslovakia, Eastern Germany Poland, Rumania, U.S.S.R. as reported by importing countries

TABLE 78. WORLD PRODUCTION OF SAWNWOOD[1]

REGION	Sawn Softwood			Sawn Hardwood		
	1950	1951	1952	1950	1951	1952
	Thousand standards			Thousand cu m.		
Europe	8 400	8 600	7 800	8 300	8 600	8 200
North and Central America	19 270	18 570	18 970	18 930	19 680	19 300
South America	650	820	800	1 130	1 420	1 350
Africa	190	190	200	750	940	950
Asia	2 490	2 680	2 500	4 190	4 240	4 200
Oceania	290	340	330	1 820	2 250	2 060
TOTAL[2]	31 290	31 100	30 600	35 150	37 140	35 950

[1] Reporting countries only
Includes estimates for non-reporting countries in Eastern Europe except Eastern Germany and U S S. R.
[2] Total sawnwood (softwood and hardwood) in cu m (1 standard = 4.672 cu m.): — 1950: 181 000; 1951 182,000; 1952 179,000

stds in 1952, inter regional trade declining relatively most The corresponding sawn hardwood trade figures were 2.24 million cu. m. in 1952 and 2 07 million cu m in 1951 for imports and 2 04 million cu. m. in 1952 and 2 72 million cu m in 1951 for exports.

As shown in Table 77 shipments from Europe and from the United States to other regions were markedly lower Canadian exports, on the contrary were generally fairly well maintained both to the United States and to more distant markets

The low demand in 1952 led to a 2 percent decline in the world output of sawnwood, with the relative decline slightly larger in hardwood than in softwood

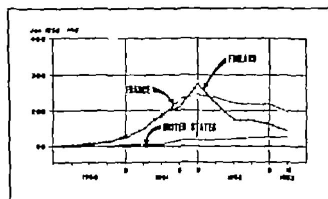
Despite the recent decline in world trade and production of sawnwood, there is no reason to believe that the long term trend in demand has taken a downward turn The world's total requirements of sawnwood are likely to continue to rise The developments of 1952 may be regarded as a temporary deviation from the general trend caused by consumers reactions to high prices But though total requirements appear to be increasing, consumption per head seems already to have reached its maximum in the most important sawnwood consuming regions and is likely to show a slight gradual decline in the future

Wood Pulp and Pulp Products

1952 marked the first postwar recession in demand for pulp and paper This was due to the rather high level of stocks at the end of 1951 and the unprecedented high prices at that time causing consumer's resistance towards products of the

paper and board industry and pulp mills The reduction in industrial activity also meant reduced consumption of board and wrapping grades of paper since these are used in almost every sector of the economy Although the demand for most pulp products declined, that for newsprint continued at a rather high level throughout 1952 *and the first months of 1953*

FIGURE 16 PRICES OF NEWSPRINT 1950-53



Notes *Finland*: Newsprint, export, f.o.b.
France: Domestic price, f.o.r newsprint.
U Stat St tes Newsprint standard rolls, freight allowed, contract price N Y

There were some parallels in the demand and price trends of the pulp and paper industries in North America and Europe but the European market fluctuated more violently The North American continent is generally self-sufficient and foreign trade is marginal The great degree of integration in the United States pulp and paper industries resulting in smaller volume of market pulp, coupled with the fact that Canadian wood pulp is largely devoted to newsprint demand for which remained fairly stable were mainly responsible for the relatively greater stability of the North American wood pulp market

In Europe the major part of pulp production is for the market The biggest paper producers depend largely on imported pulp Only the three Northern countries have a considerable export of pulp and for these countries pulp exports are vital The world demand for wood pulp and pulp products had, in 1951 exceeded the available supply and prices rose to unprecedentedly high levels The steep rise in European pulp prices, which reached their maximum in January 1952, led the chief European importers embarrassed by new balance of payments difficulties, to set import price ceilings Other importing countries did likewise As a result new buying was checked production fell and consumers began to draw on stocks

In North America pulp price controls checked price fluctuations and the market consequently remained *fairly* stable In Europe however hopes of an early stabilization of price levels following a decline in purchases and shrinkage of stocks, did not occur The slowing down of industrial progress brought difficulties in the paper and board industries and led to a fall in demand. Not

TABLE 79 WORLD PRODUCTION OF WOOD PULP

REGION	1950	1951	1952
	Thousand tons		
Europe	9 916	10 697	9 711
Finland, Norway Sweden	(6 087)	(6 639)	(5 806)
U S.S.R.	[1] 1 600	[1] 1 800	[1] 2 000
U.S A	12 471	14 964	14 900
Canada	7 462	8 162	7 970
Latin America	180	184	[1] 200
Asia (excl China)	724	1 012	1 170
Africa	33	35	[1] 25
Oceania	154	154	[1] 165
WORLD TOTAL	33 600	37 000	36 200

[1] Estimate

until the last quarter of 1952 did prices show signs of any levelling off By then, however it was generally conceded that they were well below current production costs, many elements of which are temporarily fixed, e.g., roundwood prices, or rigid, e.g., wages In the latter half of 1952 therefore *production was voluntarily restricted in the* main European pulp exporting countries and in general it remained at a rather low level during

TABLE 80 WORLD TRADE IN WOOD PULP

REGION	1950	1951	1952
	Thousand tons		
Exports			
Europe	3 970	4 044	3 251
Canada	1 662	2 021	1 751
WORLD TOTAL	5 720	6 250	5 200
Imports			
Europe	3 090	3 468	2 885
U.S.A.	2 164	2 145	1 755
Latin America	317	329	[1] 290
WORLD TOTAL	5 730	6 170	5 090

[1] Estimate

the first quarter of 1953 although demand was by then beginning to revive

World pulp production (including estimated output in the U.S.S.R.) attained an all time high of 37 million tons in 1951 but dropped slightly in 1952, especially in the Scandinavian countries. Imports also fell by a million tons as compared with 1951 (Table 80), the biggest declines being recorded in Europe and the U.S.A The main burden of the reduced export trade was borne by Finland, Norway and Sweden, whose exports fell about 20 percent Canadian exports also dropped. Both exports and imports of wood pulp however fell by about a million tons to a level half a million tons below that of 1950 The efforts made in all regions since the end of the war to raise pulp production have increased regional self-sufficiency Just as the progress of integration has diminished the relative importance of market pulp on the national level, similarly the need to secure domestic supplies of this essential raw material, has on the international level, reduced the importance of pulp trade in relation to world pulp output Imports of pulp for many countries with notable exceptions, become steadily less important Alongside this development, the situation of those countries whose economic life depends on pulp exports becomes more vulnerable to fluctuations in world demand.

While world trade and output of wood pulp thus showed a distinct decline in 1952, newsprint showed an increase World output, which in 1951 had been 8.9 million tons, rose by 0.3 million in 1952, and exports which in 1951 were 4.6 million tons increased by 0.2 million. As a result of these increases and with an apparently fairly stable rate of consumption, stocks of newsprint reached postwar record levels in many countries and regions, notably in North America The supply of newsprint in 1952 was for the first time in several years adequate to meet the effective demand.

Production and trade in other papers and boards principally packaging grades, declined. Production and trade in fiber building boards which had been steadily expanding since the end of the war suffered its first postwar setback in 1952 This recession was less severe in North America than in Europe World production of fiber boards fell from 2.75 million tons in 1951 to 2.21 million tons in 1952, the North American share remaining unchanged at about 1.4 million tons. In the rest of the world, notably in Europe which is more dependent on international trade fiber board output fell from 0.80 million tons in 1951 to 0.60 million tons in 1952

The year 1952 witnessed a reappearance of the short working week in some countries and a partial closing down of mills Events seemed to suggest that the pulp and paper shortage which had been apparent all over the world for several years, and which had been regarded as likely to last well into the future was a passing phase and that earlier apprehensions were unjustified. This, however was taking only the short term view It is more accurate to regard the 1951/52 phenomena as an inevitable effect of the Korean war inflation and of the slowing down of industrial progress Taking a long term view there are several factors making for a steady rise in the demand for wood pulp and pulp products through, for example increasing industrialization and the progressive liquidation of illiteracy and the general rise in population, real incomes and consumption standards. Even in parts of Europe per caput consumption is still below the prewar level. Consumption is generally expected to continue to increase in the United States though at a lower rate than in recent years For all these reasons the recession in the world demand for pulp and paper may be regarded as a passing phase and as a temporary deviation from the long term upward trend.

FERTILIZERS

The trend towards the greater use of fertilizers in all parts of the world continued in 1952/53 This tendency is specially marked in countries where commercial fertilizers have been used relatively little hitherto Governments of many countries show increasing interest in the use of fertilizers and manures as one of the quickest means of getting increased production of food crops

Production and consumption returns of fertilizers in 1952/53 are still incomplete and total figures cannot yet be given. The percentage figures given below may however be taken as reasonably good approximations being derived from returns covering most of the countries of high production and consumption. The total production of nitrogen (N) phosphoric acid (P_2O_5) and potash (K_2O) in 1952/53 shows an increase of 9 percent over that for the previous year The world production of nitrogen (N) shows an estimated increase in 1952/53 of 9 percent over 1951/1952. The biggest increase was in North America (14 percent) Considerable interest is being shown in the production of nitrogen fertilizers in the

ery waste gas as a source of energy (and of sulphur) but no plant has yet been erected in this region. Output of phosphoric acid showed an increase of about 5 percent for 1952/53 for the world *as a whole reflecting some easing in the* acute shortage of sulphur which was responsible for restricting the manufacture of superphosphate in the previous year Some acid plants were adapted to use pyrites instead of elemental sulphur and development work was continued on the manufacture of phosphatic fertilizers by processes not requiring sulphur The increase in world production of potash in 1952/53 over 1951/1952 is estimated to have been over 10 percent

The consumption in 1952/53 of plant nutrients in the form of commercial fertilizers is estimated to have increased by about 10 percent over the previous year Nitrogen shows the highest over all increase about 14 percent with phosphoric acid and potash 8 percent and 9 percent respectively There are of course, big variations in the rate of increase in different parts of the world. Some of the newly developing countries show relatively high rates but highly developed countries with old established and relatively intensive agriculture have also increased their consumption considerably In the United States for example consumption of nitrogen increased by 16 percent and in the United Kingdom the increase was 15 percent

The outlook for the immediate future is for continued increases in consumption of all plant nutrients at rates close to those shown in recent years and for production to increase, at least for the next few years, at rates sufficient to cover the increased demand

PESTICIDES

The supply situation for nearly all pesticides was satisfactory in 1952, with the exception of sulphur which has been in short supply for a number of years

The use of pesticides is steadily increasing production could keep pace with demand if consumers would make known their needs in advance in order to allow time for production, formulation and shipment The 1952 demand was met in a satisfactory manner primarily because of the wide acceptance of recently developed pesticides which, having outgrown the experimental stage, were used partly as substitutes for and partly as supplements to the older pesticides

ients used in the manufacture of pestici the removal of restrictions on some newly ed materials in the main producing countı as the United States, indicates that sup *generally match the demand* It is, howe portant, especially for countries distant fı ducing centers to place orders early and th shortages.

FARM MACHINERY

World production and exports of trac 1952 fell considerably short of the reco in 1951 Expansion in some European co *was more than offset by the decline of prox* in the United States and United Kingdom. tor numbers in agriculture however con to increase in all regions, including the eco cally under-developed parts of the world a slower rate than in 1951

Production and Export of Tractors

The production of tractors in the United (see Table 81) in 1952 was 23 percent less th 1951 This decline was in part due to the porary steel shortage arising out of the steel st Exports, mostly absorbed by Canada and l America, showed an even more substantial cline, dropping from 104,165 units in 195 72,881 in 1952

TABLE 81 TRACTOR PRODUCTION BY MAIN PRODUCING COUNTRIES

COUNTRY	1949	1951	19
	Thousand units		
U S A.	600 1	570 8	43
United Kingdom	90 4	140 2	12
W Germany	26 9	89 1	10
France	20 8	19 9	2
TOTAL	738 2	820 0	696

In the United Kingdom, the 1952 tractor pr duction was about 11 percent less than in tl previous year Exports, however decreased b only 7 percent over 1951 because of the contin ued policy of assigning priority to production fo

Table 82. Tractor Exports in 1952

Region of Destination	Countries of origin				Regional total imports
	U.S.A.	U.K.	W Germany	France	
Europe	2 773	49 218	13 784	1 079	67 459
North America	37 667	8 644	82	—	46 393
Latin America	19 787	3 338	4 012	349	27 480
Far East	1 239	1 385	203	153	3 030
Near East	1 340	8 462	4 222	140	14 170
Africa	4 018	6 567	1 093	1 090	12 768
Oceania	3 363	20 060	141	—	23 564
Unknown	2 689	7 268	3 051	829	13 837
Total	72 881	104 912	26 638	4 246	209 707

[1] Total world imports in 1952: 359 190 units.

export Approximately 85 percent of the total production was exported, principally to Europe and Oceania.

In the Federal Republic of Germany the tractor industry continued in 1952 the upward trend observed since the end of the war setting a new production record, 17 percent over the previous year Exports increased even more significantly and were 21 percent higher than in 1951 Substantial amounts of Germany's exports were absorbed by other European countries, Argentina and Turkey

France produced in 1952 approximately 50 percent more tractors than in 1951 and surpassed the 1949 record. Approximately 14 percent of the production was exported, mostly to other European countries and French colonies in Africa. Italy continued its foreign trade drive exporting about 2,700 tractors in 1952, with Europe and Latin America as the most important markets Canada's exports amounted to about 6,150 tractors the major proportion of which were sold to the United States and smaller amounts to Latin America Small numbers of tractors were also exported by Sweden, Czechoslovakia Austria and the Netherlands.

Mechanization in Newly Developing Regions

The number of tractors imported into the under developed areas showed a marked decrease compared with 1951 being about 50 000 units less than the record level of the previous year

Latin America continued its process of rather rapid mechanization which is fairly evenly spread throughout most of the region, even though imports, at 27 000 were appreciably less than the year before Principal importers were Argentina (8,000) Brazil (7 000) and Mexico (5 000) By the end of 1952 there were estimated to be around 170 000 tractors in this region. Considerable progress has been made in many countries in the establishment of facilities for training operators and mechanics and most countries have established agricultural machinery pools whereby small farmers can gain access to the use of farm machinery

Tractor numbers in the Far East increased only very slightly during the year with imports at about one-third of the 1951 level Unlike Latin America, where tractors are being used primarily for actual farming operations and are mostly individually owned, a large proportion of the tractors are imported and used on government account mainly for land reclamation and clearance and the initial tilling of such land before it is handed over to small cultivators. This equipment is utilized by central organizations which control the operation, servicing maintenance and repair Generally speaking the technical and economic difficulties of using mechanized equipment for farming are very great in this region and more attention needs to be given to the improvement and effective use of animal-drawn and hand-operated implements

Tractor numbers increased substantially in the Near East where imports were nearly 50 percent

... 1951 This was principally due to the mechanization program of Turkey which took approximately 90 percent of the regional imports In Africa, however the increase during the year was very slight, imports dropping to almost half the 1951 figure

On the whole progress has been made during 1952 in providing the facilities and the training that is needed for the effective introduction of mechanization into agriculture. FAO ha... dered major assistance in this respect in t... East, notably to India, Pakistan and Ce... in the Near East This assistance inclu... development of field services to ensure full e... ment of machinery organization of adequate shop practices improvement of small in... farm implements and training of technicia... each of these fields

TABLE 83 NUMBER OF TRACTORS USED IN AGRICULTURE

REGION	1949	1950	1951	1952
		Thousand units		
Europe [1]	880	900	1 120	1 2[illegible]
North America	3 919	4 174	4 270	4 [illegible]
Latin America	98	123	153	16[illegible]
Far East	12	20	20	[illegible]
Near East	13	22	38	5
Africa	73	88	106	11
Oceania	124	142	170	19
TOTAL	5 122	5 569	5 889	6 1[illegible]

Excl. U.S.S.R.
[1] Including tractors only on government stations in China.

higher than in 1951 This was principally due to the mechanization program of Turkey which took approximately 90 percent of the regional imports In Africa, however the increase during the year was very slight imports dropping to almost half the 1951 figure

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North America	3 919	4 1 4	4 2[illegible]0	4 3
Latin America	98	123	153	
Far East[2]	13	20	26	
Near East	13	22	38	6
Africa	73	88	106	1
Oceania	124	142	1[illegible]0	
TOTAL	5 122	5 559	5 889	1

[1] Excl. U.S.S.R.
[2] Including tractors only on government stations in China.

APPENDIX

Note on Indices of Agricultural Production

The present index number series of the volume of agricultural production represents further developments of the series appearing in *The State of Food and Agriculture Review and Outlook 1952* The availability of more and better statistics has made it possible to include more commodities and to adjust the series more closely to a concept of "net" production.

This year the following additional commodities have been included fruits vegetables, all dairy products (expressed in terms of milk equivalent) poultry and eggs. The commodity groups included are as follows grains, starchy roots sugar pulses, oil crops, nuts, fruits, vegetables wine livestock and livestock products fibers, rubber beverage crops and tobacco[1] The index series thus includes all the principal food and agricultural commodities, with the exception of fishery and forestry products. All commodities are included in the index at the farmgate level except in the case of livestock production, where the individual items are included in terms of meat and fat rather than in terms of total animal carcass weight and in the cases of oil, wine and sugar

To prevent double counting an allowance is made for all crops used as feed, both from indigenous production and imports. A deduction is also made for cereals and potatoes used as A further allowance is made for skim milk as feed These feed and seed deductions h not been made for Africa because of the lack data In the case of northern and southern Fu additional deductions were made for pro feeds such as oilcakes and bran both from mestic production and imports None of t allowances were made in the 1952 index se

The weighting system base period and stat cal formula are essentially unchanged from 1952 series The weighting system is based wheat relative price weights existing in the 19 period. The commodity weights are derived from world prices In the case of many co ities these prices are the average prices in ing countries adjusted to weighted average national prices in leading producing count For those commodities not moving in amounts in international trade or where c consist largely of special quality varieties weig averages of national prices in leading prod countries have been used. Calculating each modity price in terms of gold francs per m ton automatically establishes its price to wheat since the price of a metric ton of w in the base period was 100 gold francs.

The FAO index numbers are based generall the five-year period 1934-38 In the 1952 i series this base was used for all countries year exceptions have been made in some coun to allow for abnormal conditions that in the 1934-38 period. The main exceptions Spain 1931-35 Australia 1936-39 and C New Zealand and the United States 1935-3

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[1] Except U.S.S.R. which excludes fruits, nuts, wine vegetables, eggs and tobacco and where the coverage of the other groups is also incomplete and Eastern Europe where eggs and vegetables are excluded.